

Captain Pipes Limited

VALUATION REPORT

CA Jayesh B. Dhaneja
Registered Valuer (SFA)
Bcom., FCA, DISA, IP (IBBI)

Date 07/02/2021

The Board of Directors
Captain Pipes Ltd.

Survey no – 257, Plot No 23 to 28, NH No 8B
Shapar (Veraval), Rajkot – 360002 (Gujarat)

Re: Advisory Report on Fair value of shares of Captain Pipes Ltd (CPL) for further issue of share as per Section 62(1)(C) of Companies Act '2013 as on 02.02.2022.

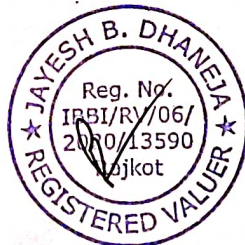
Dear Sir,

As requested by the Management of 'Captain Pipes Ltd. I have carried out Fair valuation of equity shares of 'Captain Pipes Ltd. For further issue of share as per Section 62(1)(c) of Companies Act'2013.

Please find attached herewith the valuation report duly prepared by me.

Date: 07/02/2022

Place: Rajkot



CA JAYESH DHANEJA
IBBI Registered Valuer of Financial Assets
IBBI Regn No IBBI/RV//06/2020/13590
UDIN : 22127654AAQCTV9488

SHARE VALUATION REPORT

Advisory Report on Fair Value of shares of **Captain Pipes Ltd** for further issue of share as per section 62(1)(c) of Companies Act'2013.

Report Prepared by

CA. Jayesh Dhaneja

IBBI Registered Valuer of Financial Assets

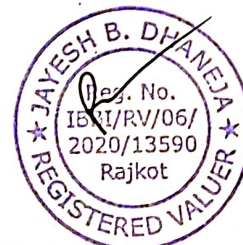
IBBI Regn. No IBBI/RV//06/2020/13590

1105, R K Prime, Nana mava Circle,

Nr. 150 Feet Ring Rd, Rajkot - 360005

Email: jdhanejaca@gmail.com

Phone: +91 9825723060



INDEX

CHAPTER 1: INTRODUCTION.....	4-7
CHAPTER 2: VALUATION CURRENCY AND DATE.....	8-8
CHAPTER 3: BACKGROUND	9-12
CHAPTER 4: VALUATION BASES AND PREMISES OF VALUE	13-14
CHAPTER 5: BUSINESS & BUSINESS INTEREST	15-15
CHAPTER 6: OBJECTIVE AND VALUATION WORKING	16-17
CHAPTER 7: VALUATION METHODOLOGY	18-22
CHAPTER 8: VALUATION PROCESS & STANDARD	23-23
CHAPTER 9: METHODOLOGY ADOPTED FOR VALUATION	24-24
CHAPTER 10: FAIR VALUE OF SHARE	25-25
Annexure forming Part of Valuation Report	26-33

CHAPTER 1: INTRODUCTION

The management of **Captain Pipes Ltd** want to issue further issue of share as per section 62(1)(C) of Companies Act'2013. For this purpose, **Captain Pipes Ltd** has approached me to assist in arriving at Fair value of unquoted equity share of company. I have been appointed by the Management of Company vide Engagement cum Management Representation Letter Dated 04/02/2022 to prepare Valuation Report to determine the fair Value of quoted equity Share of company on **02.02.2022** ("Valuation Date")

I have not been asked to carry out due diligence review, independent audit or other test or validation of such financial statements. I have therefore, not carried out due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. I therefore, do not express an opinion or any other form of assurance thereon.

Valuation Assignment

Mr. Jayesh B. Dhaneja is independent of **Captain Pipes Ltd.** and I have no financial interest in the companies subject to above valuation assignment. Our fees for this valuation are no way influenced by the result of our valuation conclusion. The management/partners/directors of the company /firm were provided with draft valuation report before finalization of this final valuation report to review the information for sake of accuracy.

Disclaimer

This Valuation Advisory Report on fair value of shares of Company has been prepared by me from information extracted from desk research, published reports and other data supplied by the management of Company and other sources believed to be reliable and true. The Report cannot be distributed, published, reproduced or used, without the prior express written consent from me. I do not take any responsibility for the unauthorized use of this report.

The Company have provided the factual data, business details, and Audited financial statements on which I have relied. While the information provided herein is believed to be true and reliable to the best of our knowledge and belief, I do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

In furnishing the Report, I reserve the right to amend or replace the Report at any time. The information contained herein is based on certain assumptions and analysis of information provided by the management of Company, available at the time the Report was prepared. I do not purport to give any representation, warranty or other assurance in relation to this Report.

The Report highlights the alternative approaches to valuation, identifies various factors affecting the valuation, summarizes the methodology adopted keeping in view the circumstances of Company, and arrives at the value of the Company.

I owe responsibility to only to the client that has appointed me under the terms of the engagement letters. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.

The purpose of this Report is to determine fair value of share of Company.

Scope of Work

I have been mandated by the Company for determining the Fair value of share for further issue of share as per Sec 62(1)(C.) of Companies Act'2013

My Report is based on factual data, business details, and Audited financial Statement as provided to me by the management of the Company.

My scope of work does not include verification of data submitted by the management of Company and I have relied upon the data so submitted. I have prima facie analyzed the data and formed my views. It is not an audit of Financial Statements or other financial information including financial projections and, therefore, cannot give the same level of assurance as an audit.

Limitation

It may be noted that valuation is a highly subjective exercise and the opinion on valuation differ from valuer to valuer depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions.

As specified by Page 64 of ICAI Technical Guide on Valuation, 2009 Edition, I state that: -

- a) Valuation does not include the Auditing of Financial Data provided by management, and therefore I 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.

We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

While all reasonable care has been taken to ensure that the advice given in the Report is fair and equitable, neither me nor my constituents shall in any way be responsible for any inadvertent error or any such inaccuracies in this Report that may have crept in or for any error in advising on fair value of share pursuant to data provided by management of Company.

Though we are valuing the equity share as on 02nd February 2022, I discuss with management provisional performance of the company during the current year and also up to date of our issuance of valuation report to see that the performance of the company is materially not otherwise then what is being considered up to the date of valuation ,however we have not taken into consideration the event and happening occurring after 02nd February 2022 for the purpose of present valuation and take no responsibility for the possible impact of such events and happening on the value of the company, other then those specially referred to in this report.

We have been informed that there has been no significant event occurred between the valuation date in question and up to the date of this report which would have any material impact on the present valuation, save and otherwise referred to or specially dealt with elsewhere in this report.

The valuation worksheets prepared for the exercise are proprietary to the Valuer and cannot be shared except to the addressee and except unless required by law.

Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per terms of my engagement.

We will not defend this report before any authorities and/or represent company or their stakeholder or any person investing based on this valuation report, in any proceeding in connection thereto.

Information Relied Upon

Management of Company provided, inter alia, the following information to me:

- Audited Financial Statements of Company for the years ending on 31st March 2020, and 31st March 2021.
- Estimated & Projected Balance Sheet & Profit and Loss Account as on 31st March 2022, 31st March 2023, 31st March 2024, 31st March 2025, 31st March'2026 & 31st March'2027.
- Memorandum of Association & Article of Association.
- Profile of the Company.
- Present Activities, Business Profile & Current Shareholding pattern of the Company.
- Such other information/explanations and representations as required and which have been provided by the management.

Wherever required, all the accounts, and documents listed above have been certified by the management/Company Secretary of the respective company. I have also relied upon verbal explanations and information given to us by the management of these company during the course of our exercise over mail and meetings held.

This Space is Intentionally Left Blank

CHAPTER 2: VALUATION CURRENCY & DATE

Valuation Currency

Currency used for our valuation is Indian Rupees .

Appointed Date

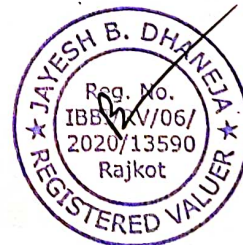
Thus, for the purpose of this Report Valuation Date is 02nd February 2022 & Various dates are mention below :-

Date of Appointment : 04/02/2022

Valuation Date : 02.02.2222

Date of Report : 07.02.2022

This Space is Intentionally Left Blank

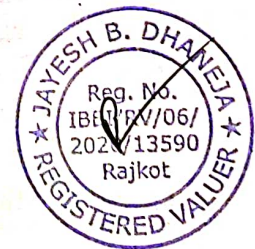


CHAPTER 3: BACKGROUND

Name	CAPTAIN PIPES LTD.
CIN	L25191GJ2010PLC059094
Nature of the Company	Public Listed Company.
Date of Incorporation	5/01/2010
Registered Address	Survey No 257, Plot No 23 to 28, N.H.No 8-B, Shapar (Veraval) Rajkot, Gujarat
Directors	Rameshbhai Devrajbhai Khichadia Gopal Devrajbhai Khichadia Kantilal Manilal Gedia Arvindbhai Bavanjibhai Ranpariya Ratilal Veljibhai Baldha Prafullaben Vijay Tank Chandrakant J Gadhiya
Authorised Capital	Rs. 5,00,00,000 (50,00,000 Equity Shares of Rs.10 each)
Paid-up Capital	Rs.4,15,85,600 (41,58,560 Equity Shares of Rs.10 each)

Shareholding Pattern

Nature of Shareholder	No. of Shares	Shareholding %
Bodies Corporate (others)	58,500	1.41%
Bodies Corporate (Promoters Group)	12,30,600	29.59%
Non Resident Indian	6,000	.14%
Promoters Relatives	6,71,000	16.14%
Promoters/Directors	12, 15,960	29.24%
Public	9,76,500	23.48
Total	41,58,560	100.00



Profit & Loss Account (Rs. In Crores)

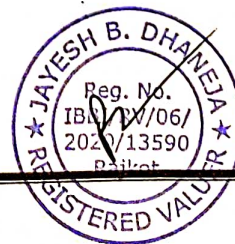
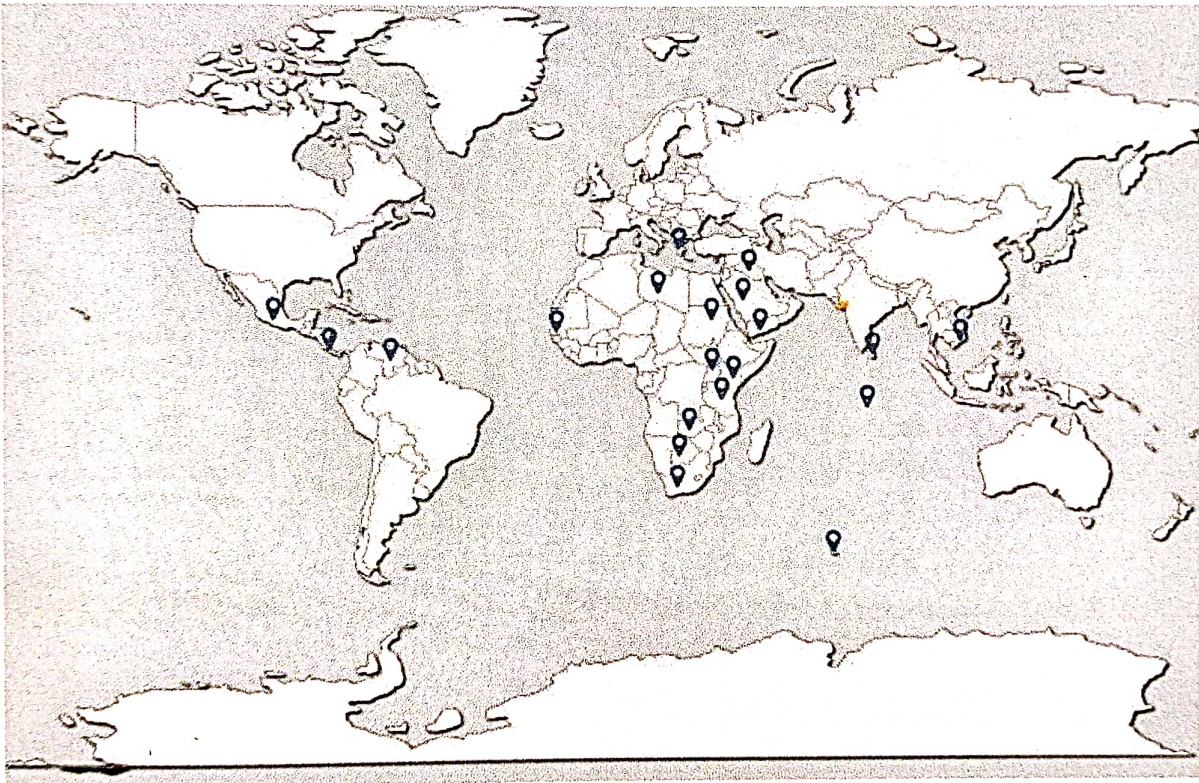
Particulars	2019	2020	2021
Total Income	54.78	45.74	40.74
Total Operating Cost	51.88	42.93	38.04
EBIDTA	2.90	2.81	2.70
Interest	1.63	1.47	1.39
Profits Before Depreciation and Tax	1.27	1.34	1.31
Depreciation	0.88	0.89	0.88
Profits before tax	0.39	0.45	0.43
Tax	0.11	0.07	0.15
Profit after tax	0.28	0.38	0.28
Cash Profits	1.16	1.27	1.16

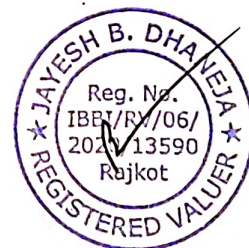
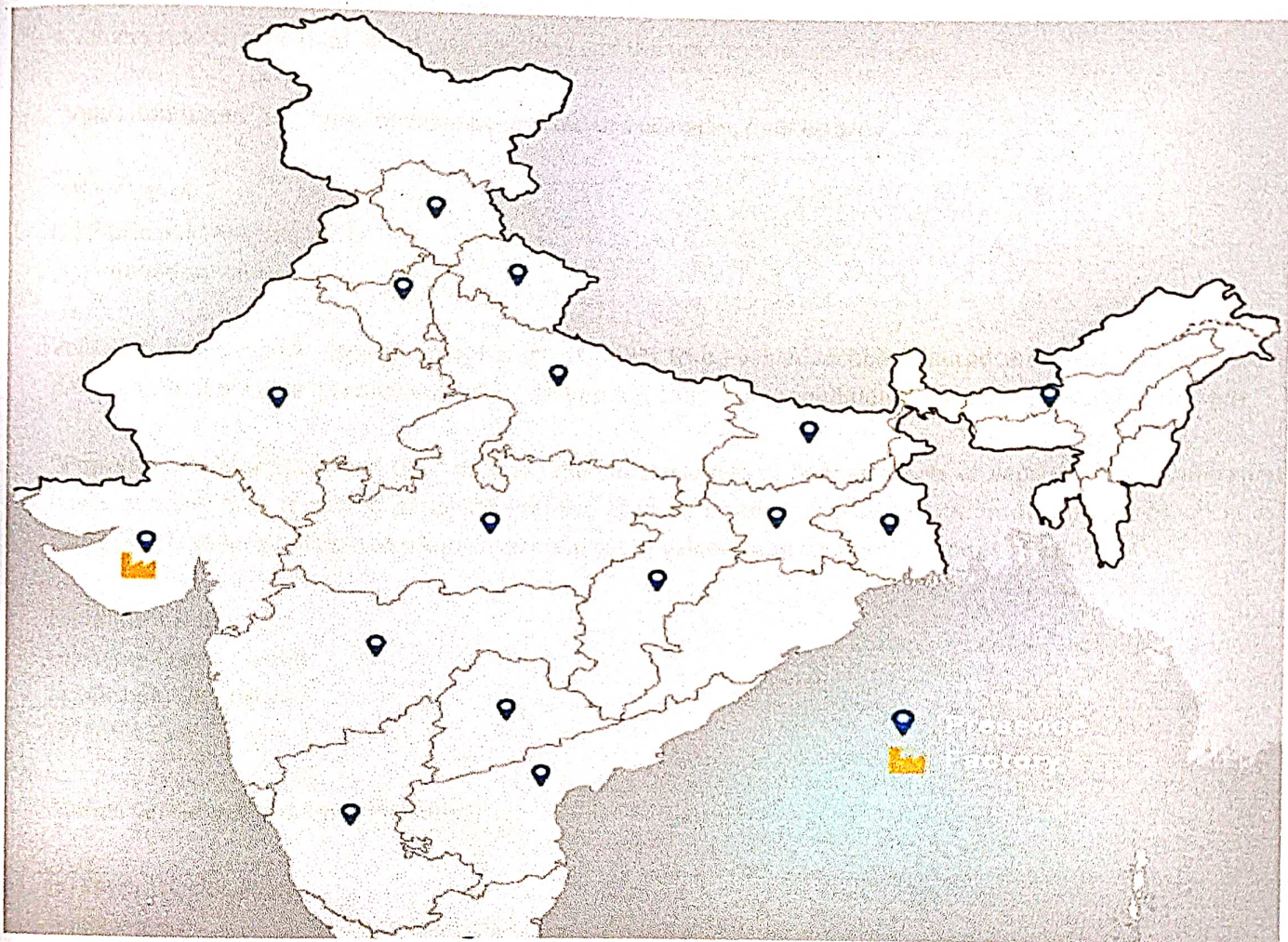
Balance Sheet (Rs in Crores)

Particulars	31 st March, 2019	31 st March, 2020	31 st March, 2021
Share Capital	4.15	4.15	4.15
Reserves and Surplus	4.27	4.66	4.93
Net Worth	8.42	8.81	9.08
Non-Current Liabilities	1.99	2.29	3.27
Current Liabilities	19.26	16.04	14.02
TOTAL LIABILITIES	29.67	27.14	26.37
Net Block	9.33	8.62	7.98
Other Non-current Assets	10.59	1.33	2.34
Current Assets	1.27	17.19	16.05
TOTAL ASSETS	29.67	27.14	26.37

Captain Pipes Ltd (CPL) is a manufacturer and exporter of UPVC Column Pipes, Plumbing Pipes & fittings, CPVC Plumbing pipes & fittings, Casting pipes & PVC Pressure Pipes in Gujrat, India. The company is manufacturer of quality solutions for water supply and distribution. The manufacturing capacity of company 17700 metric tonns per annum includes fully integrated and automatic German & Japanese Technologies. The companies in house laboratory ensure that their product conform to the quality standard of IS & ASTM. The Company Listed at BSE since December'2014.

Presents of CPL in both Indian and abroad as per following MAPS:-





CHAPTER 4: VALUATION BASES & PREMISES OF VALUE

International Valuation Standard (IVS) 104 - Bases of value (sometime called standard of value) describe the fundamental premises on which the reported values will be based. It is critical that the basis of value be appropriated to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuers selection method ,input ,assumptions and the ultimate opinion of value.

“Valuation Bases”.i.e. types of value being used in a valuation defined are :-

- (a) Fair Value
- (b) Participant Specific Value
- (c) Liquidation Value.

Valuation bases mainly depend upon nature of assets to be valued, scope & purpose of valuation ,valuation date ,standard of value ,premises of value ,assumption and limiting condition & applicable government ,if any.

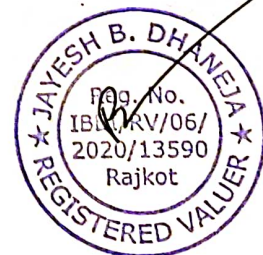
“Premises of Value/Assumed Use” describe the circumstances of how an assets or liability used. Difference bases of value may require a particular Premise of value or allow the consideration of multiple premises of value. The manner of sales is also known as premises of value. Some common premises of value are :-

- (a). Highest & Best Use
- (b) Going Concern Value
- (c.) Orderly Liquidation
- (d) Force Sale

“Other Considerations “may includes:-

- (a) Entity Specific Factor
- (b) Synergies
- (c) Assumptions and Special assumptions
- (d) Transaction Costs

This Space is Intentionally Left Blank



Valuation Bases & Premises of Value considered for company under review :

The Company is engaged in the business of providing value added services those are applicable to Oil & Gas, Power & Environmental Industries as per details mentioned in the section Background. The company has visibility of their future performance through order on hand ,its expected renewal and order in pipeline. The company is going concern with well profitable position operating cash generation.

Valuation basis :

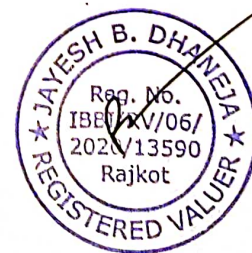
(a). Fair Value : It is considered as the business is being run in well profitable position & operating cash generation .With order in hand ,it's expected renewal & order in pipeline ,it has business visibility for its future performance. Hence is considered going concern entity.

(b). Participant Specific Value : It is not considered under present valuation .

(c). Liquidation Value : It is not considered since the business is not going to closed & is going concern.

Premises of value : "Going Concern Value" is considered premises of value , since shares are going to be issued in business of going concern. Going Concern is value of business enterprises that is expected to continue to operate in future.

This Space is Intentionally Left Blank



CHAPTER 5 : BUSINESSES AND BUSINESS INTEREST

As per IVS 200 Business & Business Interest definition of what constitute a business may differ depending upon purpose of valuation. Business can take many forms & the value of business may differ from the sum of the individual assets or liabilities that make up that business. When valuing individual assets or liabilities own by a business, the valuer should follow the applicable standard .i.e. IVS 210 Intangible Assets, IVS 400 Real Property Interest.

Valuer must establish whether the valuation is of entire entity, shares or shareholding in the entity or a specific business activity of the entity. The types of value being provided must be appropriate to the purpose of the valuation & communicated as a part of scope of engagement (IVS 101 Scope of work).

There could be different level at which that value could be expressed. Example.-

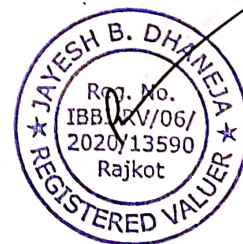
- (a) Enterprise Value
- (b) Total Invested Capital value
- (c) Operating Value
- (d) Equity Value

The following points address a non- exhaustive list of topics relevant to valuation of business & business interests:-

- (a) Ownership Right
- (b) Business Information
- (c) Economic & Industry Consideration
- (d) Operating & Non-Operating Assets
- (e) Capital Structure Consideration

Here valuation report is to prepare to determine the Fair value of shares to the Equity shareholders.

This Space is Intentionally Left Blank



CHAPTER 6: OBJECTIVE OF VALUATION , VALUATION WORKING & APPOINTING AUTHORITY

Objective of this Report:

The objective of this Report is to determine Fair Value of equity share of company for further issue of share as per Section 62(1)(C.) of Companies Act'2013 as on 02.02.2222. The Management of the company has appointed us for above purpose vide Engagement Letter dated 24.01.2022

Valuation working.

The Factor that should be considered when doing a valuation of business assets includes :-

- The nature of the business and the history of the enterprise from its inception.
- The economic outlook in general and condition and outlook of the specific.
- Industry the firm is in.
- The Financial condition of the business.
- The earning capacity of the firm.
- Whether or not the company has goodwill or other intangible value, like patent.
- The market trend.

Defining Fair Value

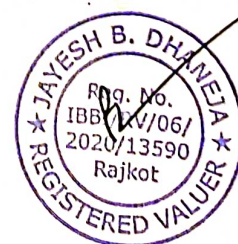
The most widely accepted standard for valuing a business is fair market value. The generally accepted valuation practice defines fair market value as " the amount at which property would change hands between a willing seller and willing buyer when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts"

Key Principles

"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 measurement date"

Fair Value measurement require determination of the following :-

- The Particular assets or liability that is the subject of measurement
- The highest and best use for a non-financial assets
- The principal (or most advantageous) market
- Fair Value hierarchy
- The Valuation technique



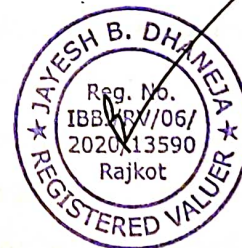
To increase the consistency and comparability in fair value assignment and related disclosures, fair value hierarchy categorised input into three level as defined below :

Fair value Hierarchy

Level	Definition	Example
1	Quoted Price (unadjusted) in active market for identical assets /liabilities that entity can access at measurement date .	- Quoted price of shares traded on stock exchange - Dealer markets -Broker Market
2	Input other than quoted price within level 1 those are directly/indirectly observable.	-Quoted price for similar assets /liabilities in active or unquoted market -Market corroborated input.
3	Unobservable input for assets/liability	- Financial Forecasts - Historical Volatility

Note: Quoted price are given the highest priority and unobservable input the least

This Space is Intentionally Left Blank



CHAPTER 7: VALUATION METHODOLOGY

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, future prospects of the company & industry and other attendant circumstances.

Different methodologies are adopted for valuation of manufacturing, investment, property and trading company. Investment and property company are valued based on the market value or fair value of their underlying assets while manufacturing company are valued in relation to profits from business and relative value of assets. Different methodologies used for the purpose of valuation are explained subsequently.

1) ASSET APPROACH:

This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding and investment business.

Net asset values, which are of great relevance in industries such as utilities, manufacturing and transport that are dependent on physical infrastructure and assets, may not have particular significance in industries such as information technology, pharmaceutical that are driven by intangibles not recorded in the books. The asset valuation is a good indicator of the entry barrier that exists in a business.

Some of the most common techniques of valuation considered under this approach are to value a business enterprise on the basis of book value of the assets or at Adjusted book value of the assets or at a Replacement value.

- i. **Book value (or Net Assets Value)** : This is simply a value based upon the accounting books of the business. In simple term, Assets less liabilities equal the owners' equity, which is the "Book Value" of the business. For mature firms with predominantly fixed assets, little or no growth opportunities and no potential for excess returns, the book value of the assets may yield a reasonable measure of the true value of these firms. For firms with significant growth opportunities in businesses where they can generate excess returns, book values will be very different from true value.
- ii. **Adjusted book value (or Net Assets at fair value method)**: This method involves reviewing each and every assets and liabilities on the company's balance sheet and adjusting it to reflect its estimated market value. Depending on the mix of assets owned by the company, other types of appraisers (e.g., real estate, machinery and equipment) might need to be consulted as part of the valuation process. In addition, it is important to consider intangible items that might not necessarily be reflected on the balance sheet, but which might have

considerable value to a user, such as trade names, patents, etc. The unrecorded and contingent liabilities are also considered at their fairly estimated value.

- iii. **Replacement value:** This method is mainly used with asset-heavy businesses such as hotels/motels and natural resources (mining) businesses. The asset valuation methodology essentially estimates the cost of replacing the tangible assets of the business. The replacement cost takes into account the market value of various assets or the expenditure required to create the infrastructure exactly similar to that of a company being valued. Since the replacement methodology assumes the value of business as if a new business is set, this methodology may not be relevant in a going concern.

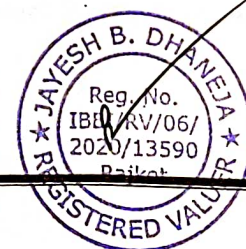
2) INCOME APPROACH:

The Income Approach derives an estimation of value based on the sum of the present value of expected economic benefits associated with the asset or business (Economic benefits have two components: cash flow (or dividends) and capital appreciation). Under the Income Approach, the appraiser may select a single period capitalization method (Profit earning capacity value method) or a multi-period discounted future income method.

a. Profit earning capacity value method:

- The basic of this approach is to find the normalized earning capacity of the business and to capitalize it on the basis of appropriate rate considering the business fundamentals of business cycle, safety, return and time. In this method, future maintainable profit of the company is calculated. Alternately, an appropriate multiple can be used with the normalized earnings to arrive at fair estimation of business value (Market Price per Share "MPS")
- The important task is to determine two factors:
 - i. Normalized Profit After Tax (PAT) and
 - ii. Rate of capitalization or multiple for capitalization
- The average annual maintainable PAT should be representative and is generally determined based on average past earnings, or future projected earnings where the past earnings are not representative of the future earning potential of the business.
- The capitalization rate is taken based at P/E Multiple (MPS/EPS) of the industry on the rate of return expected by the equity shareholders of the company.

b. Discounted Free Cash Flow Method (DCF)



- DCF methodology expresses the present value of a business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. It recognizes that money has a time value by discounting future cash flows at an appropriate discount factor.
- This method is used to determine the present value of a business on a going concern assumption. The DCF methodology depends on the projection of the future cash flows and the selection of an appropriate discount factor.
- When valuing a business on a DCF basis, the objective is to determine a net present value of the cash flows arising from the business over a future select period of time (say 5 years), which period is called the explicit forecast period. Free cash flows are defined to include all inflows and outflows associated with the project prior to debt service, such as taxes, amount invested in working capital and capital expenditure. Under the DCF methodology, value must be placed both on the explicit cash flows as stated above, and the ongoing cash flows a company will generate after the explicit forecast period. The latter value, also known as terminal value, is also to be estimated.
- The future cash flows can be projected; the less sensitive the valuation is to inaccuracies in the assumed terminal value. Therefore, the longer the period covered by the projection, the less reliable the projections are likely to be. For this reason, the approach is used to value businesses, where the future cash flows can be projected with a reasonable degree of reliability. For example, in a fast changing market like telecom or even automobile, the explicit period typically cannot be more than at least 5 years. Any projection beyond that would be mostly speculation.
- The discount rate applied to estimate the present value of explicit forecast period free cash flows as also continuing value, is taken at the "Weighted Average Cost of Capital" (WACC). One of the advantages of the DCF approach is that it permits the various elements that make up the discount factor to be considered separately, and thus, the effect of the variations in the assumptions can be modeled more easily. The principal elements of WACC are cost of equity (which is the desired rate of return for an equity investor given the risk profile of the company and associated cash flows), the post-tax cost of debt and the target capital structure of the company (a function of debt to equity ratio). In turn, cost of equity is derived, on the basis of capital asset pricing model (CAPM), as a function of risk-free rate, Beta (an estimate of risk profile of the company relative to equity market) and equity risk premium assigned to the subject equity market.
- Value obtained by using DCF method gives us the Enterprise Value; and adjustment for the loans as on the valuation date gives us the Equity Value.

This method is generally used when there is reasonable certainty on the timing, quantum and quality of the cash flows, which has its close coupling with the underlying assets (e.g. in case of a manufacturing company). It is the most commonly used valuation technique, and is widely accepted by valuers because of its intrinsic merits, some of which are given below:

- a) It is a very sound model because it is based up on expected future cash flows of a company that will determine an investor's actual return.
- b) It is based on the expectations of performance specific to the business, and is not influenced by short-term market conditions or non-economic indicators.
- c) It is not as vulnerable to accounting conventions like depreciation, inventory valuation in comparison with other techniques/approaches since it is based on cash flows rather than accounting profits.

c. Residual Income Method

Residual valuation is an equity valuation method that is based on the idea that the value of a company's stock equals the present value of future residual incomes discounted at the appropriate cost of equity.

Value of equity is = Book value + present value of residual income.

Residual Income = Net Income – Equity Charge

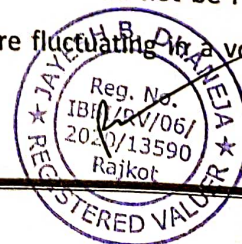
Equity charge = Equity capital * cost of equity

- d. Relief from Royalty (RRF) Method
- e. Multi Period Excess Earning Method (MEEM)
- f. With or Without Method (WWM)
- g. Option Pricing Model (Black Scholes, Merton formula, Binomial Model.)

3) 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 shares as quoted on the stock market would not be regarded as a proper index of the fair value of the shares; especially the market values are fluctuating in a volatile capital market.



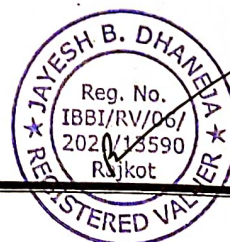
(b) Comparable Company Market Multiple Method

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 the listed companies. This valuation is based on the principles that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

(c) Comparable Transaction Multiple Method

This method also known as the guideline transaction method ,utilize information on transactions involving assets that are the same or similar to the subject assets to arrive at an indication of value. When comparable transactions considered involve the subject assets, the method is sometime referred to as the prior transaction method.

This Space is Intentionally Left Blank



CHAPTER 8: VALUATION STANDARD AND PROCESS

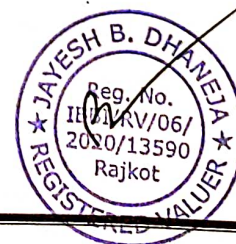
VALUATION PROCESS

It is important to stress that the process of valuation cannot possibly be reduce to a uniform and inflexible exercise. Viscount Simon in Gold Coast Selection Trust vs Humphery (1949)17 ITR 19 observed that valuation is an art, not an exact science. Mathematical Certainty cannot, therefore be demanded nor indeed is it possible, in the ultimate analysis. Therefore valuation will have to be tempered by the exercise of judicious discretion and judgement taking into account all relevant factors. However, by drawing upon the latest, peer reviewed research and databases with industry and size specific benchmark , we have been able to emphasize the science, and reduce the art in the business valuation process.

Followings are the valuation process followed for determination of Fair value of equity Share :-

- Collection of relevant information /explanation through discussion, literature interview etc.
- Selecting appropriate valuation approach and methodologies.
- Making proper assumptions for analysis and projections based on quantitative as well as qualitative information.
- Valuation analysis using selected methods.
- Reviewing methods, assumption, refinement and analysis.
- Draft valuation report for review by the management of the company for sake of facts and accuracy.
- Considering and wherever applicable accepting the comments.
- Finalization of Valuation Report.

This Space is Intentionally Left Blank



CHAPTER 9: METHODOLOGY ADOPTED FOR VALUATION

It should be understood that valuation of any Company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which is beyond my control in performing my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the company.

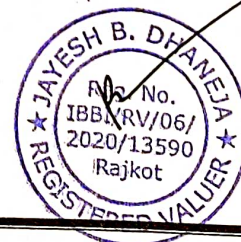
My choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgement and bonafide manner based on our previous experience of assignments of a similar nature.

We have adopted Discounted Cash Flow method for valuation considering the nature of business of the company and to run the company as a going concern & also Market approach method considering the nature of assets of the company. We have not adopted Net Assets approach method considering the industry as a going concern. Considering the above analysis of each method, nature of the industry in which the Company operates, we value chosen above valuation method .

Based on the valuations technique adopted and elaborated in the previous chapters the value of Equity as follows:

(Figures in Rs.)

Sl. No.	Name of the Company	NAV per Share
1.	NAV at Fair Value Method	0.00
2.	Discounted Cash Flow Method	55.00
3.	Market Price Method	70.00
4.	Market Multiple Method	18.00



CHAPTER 10: FAIR VALUE OF SHARE

Based on the Valuation done in the previous section and also as per Appendix, Fair Value of Equity share arrived at is Rs 57/- after considering weightage of both Discounted Cash Flow method and Market value method.

The report is to be read in whole.



CA JAYESH DHANEJA

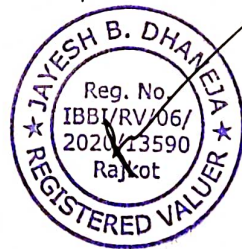
IBBI Registered Valuer of Financial Assets

IBBI Regn No No IBBI/RV//06/2020/13590

UDIN : 22127654AAQCTV9488

Date: 07/02/2022

Place: Rajkot



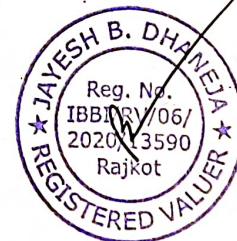
Annexure forming Part of Valuation of Capital Pipes Ltd

Name : M/s Capital Pipes Ltd

*Annexure of Calculation of Value of shares**Annexure 1***Share Valuation as at 2nd February'2022**

(in INR)

Approach	Method	Applied / Not Applied	Value per Share	Weights	Share Price
Market	Market Price Method	Applied	70	40%	28
	Comparable Company Market Multiple Method	Applied	18	10%	2
Income	Discount Cash Flow Method	Applied	55	50%	27
	Dividend Discount Method	Not Applied	-	0%	-
	Excess Return Method	Not Applied	-	0%	-
	Residual Income Method	Applied	-	0%	-
Asset	NAV	Not Applied	-	0%	-
Value per equity shares (In INR)					57



Discounted Cash Flow Method Valuation

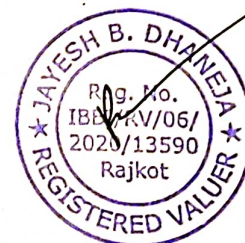
Annexure :

INR in Lakh:

Particulars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Terminal Year
Revenue Growth Rate		10%	10%	10%	10%	10%	6.00%	6.00%	6.00%	6.00%	6.00%	4.00%
Revenue	4046	4451	4896	5385	5924	6516	6907	7322	7761	8226	8720	898
Operating Margin	4.55%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%
Operating Income	184	304	334	368	404	445	471	500	530	561	595	61
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
EBIT(1-T)	138	227	250	275	303	333	353	374	396	420	445	46
Reinvestment	2421	150	165	182	200	220	140	148	157	167	177	12
FCFF		77	85	93	103	113	213	226	239	254	269	33
PV		0.8987	0.8077	0.7259	0.6524	0.5864	0.5270	0.4736	0.4257	0.3826	0.3438	
FCFF		69	68	68	67	66	112	107	102	97	92	

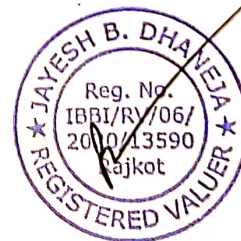
Calculation of Equity Value Per Share

Particulars	INR in Lakhs
Terminal Value	4652
PV of Terminal Value	1600
PV for next 10 year	849
Value of Operating assets	2448
Less: Debt	170
Add Cash in hand	3
Add Non operating assets	0
Value of Equity	2281
Less Value of option	0
Total Value for Equity holders	2281
Value of Equity in Common stock	4158560
Final share price	55



Calculation of Terminal Value	
Growth	4%
Cost of Capital	11.27%
ROC	18.31%
RIR	21.84%
Terminal value (in Lakh)	4652.19

- Note : (a) Reinvestment Rate was taken as Growth/Return on Capital
(b) Growth Rate was taken considering the past trend of Industry and Sector
(c) Return on Capital was taken as 15.13% as per the past trend of the Industry.



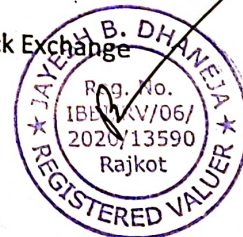
Computation of Value per Equity Share of CPL under the Market Price Method

Date	Volume	Turnover (in INR)
31/01/2022	7500	453825
28/01/2022	24000	1424850
27/01/2022	6000	383250
04/02/2022	3000	198525
20/01/2022	3000	244575
19/01/2022	6000	464700
18/01/2022	9000	757350
17/01/2022	6000	440700
13/01/2022	3000	244350
11/01/2022	4500	382350
05/01/2022	10500	870300
04/01/2022	10500	919200
31/12/2021	10500	899175
30/12/2021	4500	340200
29/12/2021	13500	914850
28/12/2021	1500	97575
27/12/2021	10500	702000
24/12/2021	24000	1597350
23/12/2021	4500	293250
21/12/2021	24000	1595025
17/12/2021	15000	969675
14/12/2021	21000	1368600
Total	222000	15561675

Volume Weighted Average Price (in INR)**70**

Note:

a) We have considered Market Price from 6/12/2021 to 31/01/2021

b) We have considered the Market Price as Quoted on the NSE which is the Stock Exchange
Where the shares of CPL have highest trading volumes.

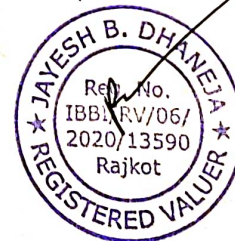
Statement showing Value per share under the Comparable
Companies Multiple method

Particulars	Amount (In Rs.)
Maintainable EPS	0.67
Price/Earning Multiple of comparable companies	27.58X
Price Per Equity Share of Company	18.48

Note : Average PE Multiple taken of eight comparable companies
as per details attached

Name of Company	PE Multiple
Supreme Industries Ltd	32.36
Finolex Industries Ltd	10.72
Prince Pipes & Fiiting	20.75
Astral Ltd	80.65
Dutron Pipes Pvt Ltd	38.02
Apollo Pipes Ltd	22.83
Prkash Pipes Ltd	8.55
Texmo Pipes & Products Ltd	6.72
	220.6
Average	27.58

Note: Above multiples are taken from economictimes.indiatimes.com



Calculation of Risk Free Rate

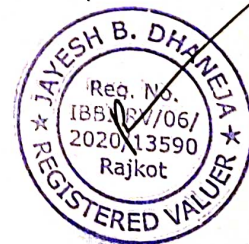
Risk Free Rate	6.41%
Default Spread	1.95%
Risk free rate for india	4.46%

Note : Default spread was taken for Indian Market

Calculation of Equity Risk Premium	
SD of equity index india	0.8942
10 year SD of Govt bond	0.80
Default spread	1.95%
Indian Country risk Premium	2.18%
Mature Market Premium	4.77%
ERP for India	6.95%

Note : (a) SD of equity Index was taken from NSE Website as SD of Indian NSE.

This Space is Intentionally Left Blank



Annexure 6

Calculation of Levered beta

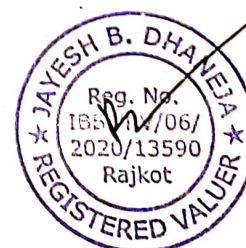
Debt to Equity ratio	6.24%
Tax Rate	25%
Levered Beta	1.0415

Average Unlever beta of Comparable companies

Name of Companies	Unlever beta
Supreme Industries Ltd	0.55
Finolex Industries Ltd	1.19
Astral Ltd	0.9
Jain Irigation Systems Ltd	1.34
Total Unlever Beta	3.98
Average Unlever beta	0.995

Calculation of cost of Equity	= $R_f + ERP * \text{Beta}$
	= 11.70%

This Space is Intentionally Left Blank



Annexure 7

Calculation of Weighted Average Cost of Capital

Particulars	Amount	Cost	Rate
Equity	2553.35584	11.70%	10.97%
Debt	170.00	4.80%	0.30%
	2723.36		11.27%

Note : Cost of Debt was taken as Country Spread and added Risk free rate(1.95%+4.46%) & Kd mention was taken after tax.

This Space is Intentionally Left Blank

