

Valuation of Equity Shares

Of



SANRHEA TECHNICAL TEXTILES LIMITED

Parshwanath Chambers, 2nd Floor, Nr New RBI Income Tax Circle,
Ahmedabad – 380014, Gujarat, India

AS ON FEBRUARY 13, 2025 (RELEVANT DATE)

-: REGISTERED VALUER:-

RV SHREYANSH M JAIN

Registered Valuer (S & FA)

R. No.: IBBI/RV/03/2019/12124

Office No. 102, Kauttiliya, F P No. 327,

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RV SHREYANSH M JAIN

Registered Valuer (SFA)

REF: - RV/SMJ/SANRHEA/2024-25

To,
The Board of Directors
Sanrhea Technical Textiles Limited
Parshwanath Chambers, 2nd Floor,
Nr New RBI Income Tax Circle,
Ahmedabad – 380014, Gujarat, India.

Dear Sir,

Subject - Valuation of Equity Shares of Sanrhea Technical Textiles Limited for the purpose of proposed preferential issue of Equity Shares in accordance with Regulation 165 of SEBI (ICDR) Regulation, 2018.

Sanrhea Technical Textiles Limited (the 'Company', 'you' or 'your') has appointed Shreyansh M Jain, Registered Valuer (SFA) registered with IBBI having Registration Number-IBBI/RV/03/2019/12124 ('Valuer', 'I', 'Me' or 'My') vide engagement letter dated January 31, 2025 to arrive at the Floor Price of Equity Shares for the purpose of proposed preferential issue of Equity Shares in accordance with Regulation 165 of SEBI (ICDR) Regulation, 2018.

Please find enclosed the report (comprising 19 pages) detailing our recommendation of floor price of equity shares for proposed preferential issue of Equity Shares by the Company, the methodologies employed and the assumptions used in our analysis.

This report sets out our scope of work, background, sources of information, procedures performed by us and our opinion on the value analysis of the Equity Shares for proposed issue of Equity Shares by the Company.

Date: February 13, 2025
Place: Surat



Shreyansh M Jain
CP No.: ICSIRVO/SFA/38
IBBI R. No.: IBBI/RV/03/2019/12124

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1. BACKGROUND OF COMPANY

Sanrhea Technical Textiles Limited is a listed company bearing CIN L17110GJ1983PLC006309 and was incorporated on June 20, 1983. The registered office of the company is situated at Parshwanath Chambers, 2nd Floor, Nr New RBI Income Tax Circle, Ahmedabad – 380014, Gujarat, India. The company is listed with BSE Limited with Scrip Code SANTETX | 514280.

Sanrhea Technical Textiles Limited, established in 1983 and based in Gujarat, India, is an ISO 9001:2015 and ISO 14001 certified manufacturer specializing in RFL (Resorcinol Formaldehyde Latex) dipped fabrics and heavy industrial textiles. The company produces conveyor belting fabrics, chafer fabrics for tire reinforcement, dimensionally stabilized square woven fabrics, warp-sheet and stretch fabrics, and liner fabrics, catering primarily to India's leading tire, conveyor belt, and rubber component manufacturers.

(Source: Management)

The equity shareholding pattern of the Company as at Valuation Date is as under:

Name of shareholder	Number of shares (FV value INR 10/- each)	Percentage (%)	No. of Shareholder
Promoter & Promoter Group	3,576,250	71.5%	10
Public	1,423,750	28.5%	3529
Total	5,000,000	100.0%	3,539

2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY

I have been informed by the Management that the Company is in the process of a preferential allotment of Equity Shares to Promoter or Promoter Group. Thus, a valuation report for the same is required from a Registered Valuer in accordance with Regulation 165 of the Securities and Exchange Board of India (ICDR) Regulations, 2018.

I have been appointed by Audit Committee of the to provide a valuation report for determining the floor price for proposed preferential issue of Equity Shares to Promoter or Promoter Group.

3. IDENTITY OF THE REGISTERED VALUER

Name of the Valuer	RV Shreyansh M Jain
IBBI Registration Number	IBBI/RV/03/2019/12124
ICSI RVO Reg. No.	ICSIRVO/SFA/38
Address	Office No. 102, Kauttilya, F P No. 327, Khatodara, Surat – 395002, GJ, IN
Contact Email of RV	rvshreyanshmjain@gmail.com

4. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT

I hereby confirm and explicitly declare that I am an independent valuer and do not have any interest, direct or indirect, in the underlying securities being valued.

5. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF THE VALUATION REPORT

Date of appointment	January 31, 2025
Relevant date	February 13, 2025
Date of valuation report	February 13, 2025



6. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN

I have not carried out any inspection or independent verification of the information provided. I have relied on the publicly available information, unaudited and projected financial statements and other financial and non-financial information made available to me as well as the representations made to by the Management during the course of this engagement.

7. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON

In the course of my valuation analysis, I have relied on various financial and non-financial information obtained from the Company and from various public, financial, and industry sources. I have assumed that all information provided by the Company has been duly approved by the concerned authority to which it pertains. My conclusion of value is dependent on such information being complete and accurate in all material respects. I have relied upon the following information as provided by the Management and information available in the public domain:

1. Brief history, present activities and business profile etc.;
2. Memorandum of Association and Article of Association;
3. Latest shareholding pattern as at Valuation Date;
4. Audited Financial Statements for the financial year ended March 31, 2024 and March 31, 2023;
5. Limited Reviewed Standalone Financial Statements for nine months period ended December 31, 2024;
6. financial projections comprising of balance sheet and profit & loss statement as certified by the Management for the period January 01, 2025 to March 31, 2029 ;
7. Discussions and correspondence with the Management in connection with the business operations, key developments, past trends, proposed future business plans and prospects, identification of comparable companies having similar operating and financial parameters as that of etc.;
8. Information available in public domain and databases such as BSE, Investing.com etc.;
9. Representation Letter from Management.

In addition to the above, I have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation.

It may be mentioned that the Management has been provided with an opportunity to review factual information in my report as part of my standard practice to ensure that factual inaccuracies, omissions, etc., are avoided in my final signed report.

8. PROCEDURE ADOPTED IN CARRYING OUT VALUATION

The key procedures used in my value analysis included such substantive steps as I considered necessary under the circumstances, including, but not necessarily limited to the following are:

- a) Discussion with the Management to:
 - Understand the business and the fundamental factors that affect its earning generating capability including strength, weakness, opportunity and threat analysis and historical financial performance of and its subsidiaries;
 - Enquire about the current state of affairs, business plans and the future performance estimates;
- b) Reviewed the Memorandum of Association and Article of Association of the Company;
- c) Reviewed the latest shareholding pattern of as at Valuation Date;
- d) Reviewed the audited financial statements for the financial year ended March 31, 2024 and March 31, 2023;
- e) Reviewed the limited reviewed standalone financial statements for nine months period ended December 31, 2024;

- f) Reviewed the financial projections comprising of balance sheet and profit & loss statement for period January 01, 2025 to March 31, 2029 as certified by Management as their best estimate for future profitability and operation;
- g) Discussions with the Management to obtain requisite explanation and clarification of data provided;
- h) Selection of appropriate valuation methodology/(ies) after deliberations and consideration to the sector in which the Company and its subsidiaries operate and analysis of their business operations etc.; and
- i) Arrived at floor price of the equity shares using the method considered appropriate.

9. VALUATION APPROACHES

Basis and Premise of Valuation

Valuation of Equity Shares of the Company as at Valuation Date is carried out, considering 'Fair Value' base and 'going concern value' premise. Any change in the valuation base, or the valuation premise could have a significant impact on the valuation outcome of the Company.

Basis of Valuation

It means the indication of the type of value being used in an engagement. Fair Value as per IVS is defined as under:

'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.'

Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. Valuation of the Company is carried out on a Going Concern Value premise which is as under:

'Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc.'

It is pertinent to note that the valuation of any business, company, or its assets is inherently imprecise and subject to various uncertainties and contingencies, all of which are difficult to predict and beyond my control. In performing my analysis, I have made numerous assumptions, considering, inter alia, dependency and financial assistance from existing shareholders and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, as well as the prospects—financial and otherwise—of the business, and other factors that generally influence the valuation of the Company, its business, and its assets.

The application of any particular method of valuation depends on the purpose for which the valuation is conducted. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can arrive at only one value for a given purpose. My choice of valuation methodology has been determined using usual and conventional methodologies adopted for transactions of a similar nature and my reasonable judgment, in an independent and bona fide manner, based on my previous experience with assignments of a similar nature.

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In case of companies listed on stock exchanges, the preferential issue of shares shall be undertaken in compliance with the provisions of SEBI ICDR Regulations. In the case of equity shares of the Company, the shares are listed for a period of more than 90 days as on the Relevant Date and are infrequently traded as per definition provided under Chapter V - Preferential Issue of Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as given below:

'Frequently traded shares' means shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.

The relevant regulation, i.e., Regulation 165, in the case of infrequently traded shares listed for more than 90 days, provides that the price determined by the issuer shall take into account valuation parameters, including book value, comparable trading multiples, and such other parameters as are customary for the valuation of shares of such companies. I have also been informed by the Management that the Company is not contemplating the issuance of Equity Shares to Qualified Institutional Buyers (QIBs).

The Management has represented that the proposed preferential issue of Equity Shares shall not be more than five percent of the post issue fully diluted share capital and will not tantamount to change of control of the Company. Accordingly, the provisions of the said regulations 166A are not applicable to the Company.

For the purpose of the valuation exercise under Regulation 165, generally the following valuation approaches are adopted:

- i. **Cost Approach**
 - a. Book Value Method/ Net Asset Value Method
- ii. **Market Approach**
 - a. Market Price Method
 - b. Comparable Companies Multiple Method/ Comparable Transaction Multiples Method
- iii. **Income Approach**
 - a. Discounted Cash Flow (DCF) Method

COST APPROACH

1. Book Value Method/Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

I have used the Book Value Method to value equity shares to determine floor price of equity shares for proposed preferential issue of equity share and detailed working of same is given in "*Annexure -A*".

MARKET APPROACH

1. Market Price Method

Under the Market Price method, a Valuer considers the traded price observed over a reasonable period while valuing assets which are traded in the active market. For this purpose, one considers the market where the trading volume of asset is the highest when such asset is traded in more than one active market. The valuation standards also prescribe that the Valuer should use average price of the asset over a reasonable period and use a weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.



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However, as the stock markets and stock prices are subject to volatility, and as the equity shares of the Company has been infrequently traded as per the definition provided under Chapter V - Preferential Issue of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. In 240 trading days preceding the relevant date, 5.59% of total numbers of such class of the shares of the issuer were traded in BSE Limited. The market price method is not considered appropriate for valuing the equity shares of the Company due to the low trading volume of its shares. In cases where shares are infrequently traded, the market price may not accurately reflect the fair value of the shares, as it can be influenced by isolated transactions, lack of liquidity, and limited investor participation. As a result, the price derived from such trading may not be truly representative of the Company's intrinsic value.

The floor price for issue of equity shares to Promoter or Promoter Group by the Company on preferential basis is as detailed in **Annexure - B**.

2. Comparable Companies' Multiple ('CCM')/ Comparable Transactions' Multiple ('CTM') Method

Under CCM the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies to a company's operating metrics. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

Based on discussion with the Management, the Company is manufacturer of conveyor belting fabrics, chafer fabrics for tire reinforcement, dimensionally stabilized square woven fabrics, warp-sheet and stretch fabrics, and liner fabrics. I could not identified listed peers that are comparable companies of similar nature and having similar operating/ financial metrics as that of the Company. I have therefore not used CCM method to arrive at the equity value of the Company.

Under CTM the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

Based on my discussion with the Management, I understand that there are no recent comparable transactions involving companies of similar nature and having a similar operating/ financial metrics as that of the Company, I have therefore not used the CTM method to arrive at the equity value of the Company

INCOME APPROACH

Discounted Cash Flows ('DCF') Method

Income approach is a valuation approach that converts maintainable or future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted or capitalized) amount.

Under the DCF method the projected free cash flows to the equity are discounted at cost of equity. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its



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present value equivalent and added to the present value of the available cash flow to estimate the value of the business.

Such DCF analysis involves determining the following:

- Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company.
- Appropriate discount rate to be applied to cash flows i.e. the cost of equity. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to equity shareholders. The opportunity cost of equity capital providers equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The Management of the Company expects to make profits and generate surplus cash for the foreseeable future. I have therefore used DCF method which is one of the most commonly used and internationally accepted pricing methodology for valuing such companies. The detailed working is mentioned in Annexure - C.

10. VALUATION CONCLUSION

It is recognized that valuation of any company or assets as a matter is inherently subjective and subject to various factors, which are difficult to predict and beyond control. Valuation exercise involves various assumptions with respect to the specific industry, general business and economic conditions, which are beyond the control of the Companies. The assumptions and analysis of market conditions, comparable, prospects of the industry as a whole and the Company, which influences the valuation of companies are subject to change over a period of time and even differ between the valuers at the given point of time.

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share.

In light of the aforesaid and after taking into consideration the principles of valuation that one would have to consider to value the equity shares of the Company, I have derived value as per 'Book Value Method' under Cost Approach, 'Market Price Method' under the Market Approach and 'Discounted Cash Flow Method' under Income Approach. I have not assigned equal weight to Book Value Method and Discounted Cash Flow Method but not assigned any weight to Market Price Method due to its low volume in 240 trading days preceding relevant date.

Valuation Approach	Weights (%)	Equity value per share (INR)
COST APPROACH	50.0%	47.55
MARKET APPROACH		
Market Price Method (MPM)	0.0%	165.9
Comparable Companies Multiple (CCM) Method*	NA	NA
INCOME APPROACH		
Discounted Cash Flow (DCF) Method	50.0%	55.72
Value per equity share (INR) (face value of INR 10/- each)		51.63

* NA = Not Applied

Accordingly, the Floor Price of the Equity Shares of the Company having face value of INR 10/- each in terms of SEBI ICDR Regulations as at Relevant Date is INR 51.63/- (Indian Rupees Fifty One and Sixty Three Paise Only) per Equity Share.



11. RESTRICTIONS ON USE OF THE VALUATION REPORT

This valuation report is meant for use for the limited purpose of issue of Equity Shares to Promoter or Promoter Group on the Relevant Date. It should not be used for any other purpose and by any other persons. Further, the valuation report is based on the available financial information from the Company and publicly available sources which I believe to be accurate. I accept no responsibility for any errors in the information on which the valuation conclusions are based.

12. LIMITING FACTORS

1. This report has been prepared with a specific purpose, and its contents are subject to certain limitations. The following points detail the scope and constraints relevant to this valuation analysis, and should be read in conjunction with the entire report and relevant documents.
2. This valuation report has been prepared exclusively for the purpose of financial reporting of fair value of equity shares of the Company. It is intended solely for the authorized user, the Company, and should not be relied upon for any other purpose. The report is confidential and cannot be copied, reproduced, or distributed without prior written consent for any purpose other than the intended use.
3. The report is based on the information and documents provided by the Company and assumes the completeness and accuracy of the data. The analysis is limited to the financial data and assumptions available as of the date of this report. No additional analysis outside the agreed-upon scope has been undertaken.
4. This engagement does not constitute an audit or review of the financial records of the Company in accordance with generally accepted auditing standards. I have relied on the information provided by the Company without performing independent verification or due diligence. No responsibility is assumed for the accuracy, completeness, or reliability of the data supplied by the Company.
5. During the course of the valuation, both written and verbal information was provided to me. While I have exercised due diligence in evaluating and analyzing this data, I have not conducted a full due diligence review or audit of the underlying records. This report assumes that all material facts, circumstances, and documents relevant to the Proposed Transaction have been disclosed to me.
6. In preparing this valuation, I may have relied on external data sources. While these sources are believed to be reliable, I do not assume liability for the accuracy or completeness of the information obtained from third parties. Where external data has been used, reasonable care has been taken to ensure proper extraction and representation of such data.
7. This report assumes that the Company is in compliance with all applicable laws, regulations, and accounting standards unless otherwise stated. Any potential changes in the regulatory environment, industry laws, or economic conditions could materially impact the assumptions made in this report and, subsequently, the valuation.
8. The valuation relies on financial forecasts and assumptions provided by the management of the Company. While I have reviewed and analyzed these projections, I cannot guarantee that the assumptions or forecasts will be realized. The actual performance of the Company may differ materially from the projected results, and I do not provide any assurance on the achievement of the forecasted outcomes.
9. This valuation is based on forward-looking assumptions regarding the Company's financial performance, industry trends, and market conditions. These assumptions are inherently uncertain and may be subject to significant fluctuations due to unforeseen events or changes in the business environment. Therefore, the valuation should be regarded as a snapshot as of

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the report date and may be subject to revision in the future.

10. The valuation reflects the exercise of professional judgment, taking into account various factors, such as market conditions, competition, financial performance, and management capabilities. These factors, although not always apparent from the financial statements, may have a significant impact on the value assigned. As such, the valuation is subject to a degree of discretion and interpretation based on the available data.
11. I do not provide any assurance on the likelihood of the Company achieving the projected financial results, as the future performance of the Company is subject to numerous factors outside my control, including changes in market conditions, competition, and management actions.
12. Except as required by law or the terms of the engagement letter, I shall not be liable for any indirect, consequential, or special damages, losses, or expenses arising out of the use or reliance on this report.
13. The contents of this report are confidential and should not be disclosed or shared with any third parties without my prior written consent, except as required by law or by agreement with the Company. Any unauthorized use, disclosure, or reliance on this report will be at the user's sole risk.
14. The valuation is based on the information and market conditions as of the date of this report. As market conditions, economic environments, and the Company's financial position change over time, the value provided may no longer reflect the Company's actual market value. This report should be considered relevant only as of the date hereof.
15. This report must be read in its entirety, and users are advised to consider the potential for variations in the value over time due to market dynamics and other factors not foreseeable at the date of valuation.

Date: February 13, 2025
Place: Surat



Shreyansh M Jain
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ANNEXURE – A

BOOK VALUE METHOD

The Value of Equity Share as per Book Value Method based on unaudited financial dated 31.12.2024 is as follows:

Particular	Amount (In Rs Lakhs)
Non-Current Assets	1245.26
Current Assets	3078.01
Total Assets (A)	4323.27
Non-Current Liabilities	620.73
Current Liabilities	1325.25
Total Outside Liabilities(L)	1945.98
Net Assets (A-L)	2377.29
No. of Equity Shares	50,00,000
Value of Equity Shares (Rs)	47.55

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ANNEXURE – B

MARKET PRICE METHOD

The detailed data of trading days for computation of volume weighted average price of equity shares is given as under:

	Particular	Total No. of Traded Shares	Total Traded Value	Volume Weighted Average Price
A	The 10 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange (BSE) preceding the relevant date [^]	8,860	1,301,681	146.92
B	The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange (BSE) preceding the relevant date	77,737	12,896,956	165.90
Minimum Price of Equity Shares (Higher of A and B above)				559.9

*BSE: BSE Limited

[^]Considering prices upto 12/02/2025

Symbol	Series	Date	Open	High	Low	Close	VWAP	Volume	No. of Trades	Value
514280	EQ	12-Feb-25	140.00	142.80	132.00	142.80	132.23	227	7	30016.00
514280	EQ	11-Feb-25	147.00	147.00	145.00	145.00	146.31	13	5	1902.00
514280	EQ	10-Feb-25	172.90	172.90	126.20	148.50	150.16	2534	60	380496.00
514280	EQ	7-Feb-25	150.00	150.00	149.30	149.30	149.30	10	4	1493.00
514280	EQ	6-Feb-25	146.00	150.90	146.00	148.95	148.31	507	20	75191.00
514280	EQ	5-Feb-25	134.00	146.90	134.00	143.45	136.90	540	29	73926.00
514280	EQ	4-Feb-25	140.60	140.90	135.95	136.00	136.77	1581	45	216233.00
514280	EQ	3-Feb-25	148.55	148.55	140.50	140.60	143.07	139	16	19887.00
514280	EQ	1-Feb-25	148.55	163.50	147.60	148.55	149.70	2784	90	416761.00
514280	EQ	31-Jan-25	162.90	164.00	161.90	164.00	163.38	525	27	85776.00
514280	EQ	30-Jan-25	150.00	150.00	148.00	149.10	149.42	251	7	37505.00
514280	EQ	29-Jan-25	150.00	150.00	148.00	148.00	148.61	297	8	44136.00
514280	EQ	28-Jan-25	147.00	150.00	147.00	148.00	149.44	713	20	106550.00
514280	EQ	27-Jan-25	169.35	169.35	151.60	155.00	166.00	536	14	88974.00
514280	EQ	24-Jan-25	166.40	166.50	166.00	166.00	166.46	871	13	144985.00
514280	EQ	23-Jan-25	155.00	168.00	148.20	166.50	161.27	538	45	86762.00
514280	EQ	22-Jan-25	148.25	167.00	148.25	164.00	159.71	184	6	29386.00
514280	EQ	21-Jan-25	157.60	157.60	153.60	155.10	157.01	136	10	21353.00
514280	EQ	20-Jan-25	161.65	161.65	156.05	160.80	156.73	1095	13	171623.00
514280	EQ	17-Jan-25	161.00	165.00	152.20	164.95	155.77	845	29	131627.00
514280	EQ	16-Jan-25	171.00	171.00	151.00	161.05	155.23	261	22	40515.00
514280	EQ	15-Jan-25	151.60	167.65	151.60	156.15	152.47	873	11	133106.00
514280	EQ	14-Jan-25	157.00	157.00	148.00	154.05	148.47	999	13	148321.00
514280	EQ	13-Jan-25	167.35	168.50	155.60	156.40	161.92	1606	28	260039.00



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Symbol	Series	Date	Open	High	Low	Close	VWAP	Volume	No. of Trades	Value
514280	EQ	10-Jan-25	167.35	177.50	167.35	171.00	172.75	261	16	45089.00
514280	EQ	9-Jan-25	168.15	172.00	168.15	168.15	168.48	459	9	77331.00
514280	EQ	8-Jan-25	164.00	173.75	164.00	168.15	168.08	406	13	68242.00
514280	EQ	7-Jan-25	150.05	177.80	150.05	173.45	171.39	3465	73	593869.00
514280	EQ	6-Jan-25	182.00	182.00	157.50	161.65	161.84	567	30	91763.00
514280	EQ	3-Jan-25	168.00	171.00	160.10	167.20	168.02	309	15	51918.00
514280	EQ	2-Jan-25	174.90	176.00	165.00	165.00	166.77	966	20	161098.00
514280	EQ	1-Jan-25	166.00	179.00	166.00	172.95	171.11	929	31	158960.00
514280	EQ	31-Dec-24	163.00	179.00	158.00	169.40	164.96	1590	45	262280.00
514280	EQ	30-Dec-24	186.00	186.00	165.05	168.80	172.32	4567	103	786963.00
514280	EQ	27-Dec-24	169.00	169.40	165.00	169.40	169.36	13951	125	2362685.00
514280	EQ	26-Dec-24	165.00	165.00	151.30	154.00	155.41	1344	30	208874.00
514280	EQ	24-Dec-24	169.50	169.50	160.00	160.00	164.26	324	20	53219.00
514280	EQ	23-Dec-24	170.85	179.00	165.90	169.30	175.97	1352	37	237912.00
514280	EQ	20-Dec-24	171.00	171.00	170.85	170.85	170.94	54	3	9231.00
514280	EQ	19-Dec-24	172.00	177.30	170.00	171.00	172.27	403	17	69424.00
514280	EQ	18-Dec-24	175.20	179.90	171.00	172.00	174.29	369	9	64314.00
514280	EQ	17-Dec-24	175.00	183.90	173.10	180.65	179.15	344	24	61628.00
514280	EQ	16-Dec-24	184.90	185.00	173.30	175.00	182.33	2085	35	380155.00
514280	EQ	13-Dec-24	179.00	186.00	177.50	181.95	183.42	780	34	143064.00
514280	EQ	12-Dec-24	190.00	190.00	176.00	177.50	183.75	2936	43	539502.00
514280	EQ	11-Dec-24	166.35	179.50	166.00	176.00	172.98	204	17	35288.00
514280	EQ	10-Dec-24	173.40	174.00	165.40	166.00	170.23	722	15	122905.00
514280	EQ	9-Dec-24	179.00	180.00	170.00	171.85	179.01	931	16	166659.00
514280	EQ	6-Dec-24	180.00	180.00	167.20	179.00	169.58	693	20	117519.00
514280	EQ	5-Dec-24	175.95	176.00	170.10	176.00	175.16	289	14	50621.00
514280	EQ	4-Dec-24	167.55	175.90	167.55	170.10	174.11	238	8	41438.00
514280	EQ	3-Dec-24	166.00	167.55	166.00	167.55	166.26	1113	17	185046.00
514280	EQ	2-Dec-24	172.85	181.00	166.00	168.40	171.94	457	19	78578.00
514280	EQ	29-Nov-24	178.30	181.85	172.85	172.85	173.67	905	17	157169.00
514280	EQ	28-Nov-24	174.20	182.00	174.20	181.90	179.78	412	14	74070.00
514280	EQ	27-Nov-24	165.95	174.00	162.50	173.90	165.34	1684	25	278431.00
514280	EQ	26-Nov-24	160.00	166.00	160.00	165.95	160.27	1627	6	260757.00
514280	EQ	25-Nov-24	162.75	162.75	153.60	158.30	156.24	475	19	74212.00
514280	EQ	22-Nov-24	157.35	157.35	155.00	155.00	155.48	382	6	59393.00
514280	EQ	21-Nov-24	157.35	157.35	157.35	157.35	157.34	151	5	23759.00
514280	EQ	19-Nov-24	160.50	160.50	160.50	160.50	160.50	40	3	6420.00
514280	EQ	18-Nov-24	160.50	160.50	160.50	160.50	160.50	155	2	24877.00
514280	EQ	14-Nov-24	166.25	166.25	160.50	160.50	166.04	718	9	119217.00
514280	EQ	13-Nov-24	165.90	165.90	163.00	163.00	165.84	56	3	9287.00
514280	EQ	12-Nov-24	166.00	166.00	166.00	166.00	166.00	59	2	9794.00
514280	EQ	11-Nov-24	166.30	169.00	166.30	169.00	168.27	56	3	9423.00
514280	EQ	8-Nov-24	166.25	166.25	159.75	166.25	165.23	26	5	4296.00
514280	EQ	7-Nov-24	156.70	163.00	156.70	163.00	157.13	87	6	13670.00



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Symbol	Series	Date	Open	High	Low	Close	VWAP	Volume	No. of Trades	Value
514280	EQ	6-Nov-24	159.85	159.85	159.85	159.85	159.85	202	3	32289.00
514280	EQ	5-Nov-24	163.10	163.10	163.10	163.10	163.10	10	2	1631.00
514280	EQ	4-Nov-24	169.00	169.00	165.65	165.70	165.73	73	7	12098.00
514280	EQ	31-Oct-24	174.90	174.90	169.00	169.00	173.94	394	7	68533.00
514280	EQ	30-Oct-24	172.00	172.00	172.00	172.00	172.00	95	4	16340.00
514280	EQ	29-Oct-24	163.00	169.35	163.00	169.00	167.60	769	8	128886.00
514280	EQ	28-Oct-24	166.05	166.05	166.05	166.05	166.05	712	6	118227.00
514280	EQ	24-Oct-24	166.10	166.10	162.80	162.80	164.34	250	6	41085.00
514280	EQ	23-Oct-24	167.00	167.00	166.10	166.10	166.24	375	8	62341.00
514280	EQ	22-Oct-24	169.45	169.45	169.45	169.45	169.45	89	4	15081.00
514280	EQ	18-Oct-24	172.90	172.90	172.90	172.90	172.90	177	15	30603.00
514280	EQ	17-Oct-24	182.00	183.00	167.50	181.95	177.23	761	35	134869.00
514280	EQ	16-Oct-24	179.05	179.05	168.00	174.35	178.55	2070	50	369598.00
514280	EQ	15-Oct-24	171.30	171.30	170.00	170.55	171.17	983	22	168257.00
514280	EQ	14-Oct-24	163.00	163.15	163.00	163.15	163.14	2275	24	371140.00
514280	EQ	11-Oct-24	145.05	155.40	145.05	155.40	155.34	366	17	56854.00
514280	EQ	10-Oct-24	163.00	163.00	147.55	148.00	148.84	797	24	118624.00
514280	EQ	9-Oct-24	160.00	162.40	155.00	155.30	158.77	139	10	22069.00
514280	EQ	8-Oct-24	162.75	162.75	162.40	162.40	162.46	194	18	31518.00

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ANNEXURE – C

The Discounted Free Cash Flows method is one of the most rigorous approaches for the valuation of a business/asset/equity. For arriving at the valuation of equity shares, projected free cash flows to various stakeholders are discounted at the cost of equity to arrive at the value of the business and subtracting outstanding Debts & Preference shareholding, if any, there from and adjusting surplus assets & liabilities, if any, thereto.

Using the Discounted Free Cash Flows method involves determining the following:

- Estimating future free cash flows,
- The time frame of the cash flows i.e. the explicit forecast Period,
- Appropriate Discount rate to be applied to cash flows
- The continuing value i.e. the cumulative value of the free cash flows beyond the explicit forecast period which is also known as Terminal Value
- Value of cash and cash equivalents and Surplus Assets

➤ Free Cash Flows to Firm (FCFF)

FCFF represents the cash flows expected to be generated by the Company that are available to both equity and debt capital providers. FCFF is determined by taking the operating profit after taxes and adding back non-cash expenses such as depreciation and amortization. This is then adjusted for (i) changes in working capital requirements and other assets, and (ii) investments in capital expenditure. The free cash flows, as calculated, will thus represent the total cash flows available to both equity and debt holders.

➤ Time Frame of Cash Flows

A challenge in valuing a business lies in its indefinite life, particularly when the valuation is conducted on a going concern basis, as in the present case. This issue can be addressed by dividing the business value into two time periods: the explicit forecast period and the post-explicit forecast period. In this approach, the business value consists of the free cash flows generated during the explicit forecast period and the free cash flows generated during the post-explicit forecast period. While the projected free cash flows for the explicit forecast period can be estimated based on the business plan, the free cash flows for the post-explicit forecast period can be estimated using an appropriate method. In this case, the financial projections provided for the period from January 01, 2025, to March 31, 2029, have been considered for the purpose of valuation.

➤ Appropriate Discounting Rate i.e. Weighted Average Cost of Capital

The Weighted Average Cost of Capital (WACC) is the average rate that a company is expected to pay to all its equity and debt holders, to finance its assets. The WACC is the weighted average return that a company must earn on an existing asset base to satisfy its owners and debt holders. Broadly speaking, a company's assets are financed by either debt or equity. WACC is the weighted average return for cost for equity shareholders as well as debt holders.

Discounting Factor

The discount factor considered for arriving at the present value of the FCFF is the WACC, which comprises of cost of debt and equity.

$$WACC = (K_d * (1 - t) * \frac{D}{D + E}) + (K_e * \frac{E}{D + E})$$

Where 'D' and 'E' represent the debt and equity portion respectively in the capital structure.

The WACC using the above parameters has been estimated at 16.1% after giving appropriate allowances for company specific risk including risk associated with achieving the financial projections, etc.

Given that the cash flow would be generated over the period, I have applied the mid-period discounting.

- **Cost of Debt (Kd)**

Cost of debt refers to the effective rate a company pays on its current debt. The cost of debt is used after including the tax impact. As informed by the management, the average effective interest rate for the debt will be 8.15% p.a.

I have considered a tax rate for debt at 25.17% to calculate the tax benefit on interest expense. Accordingly, I have arrived at 6.1% as the post-tax cost of debt.

- **Cost of Equity (Ke)**

The cost of equity has been determined using the Capital Assets Pricing Model. For this purpose, the formula used is as under:

$$\text{CAPM (Ke)} = R_f + \beta (R_m - R_f) + \alpha$$

Where,

CAPM (Ke) = Discount rate derived from Capital Assets Pricing Model

R_f = Risk free rate of return

β = Beta factor as a measure of the systematic risk

R_m = Representative Market Return

(R_m - R_f) = Equity Market premium (ERP)

α = Company Specific Risk Premium

Capital-Asset Pricing Model (CAPM) describes the relationship between systematic risk and expected return for assets, particularly stocks. CAPM is widely used throughout finance for pricing risky securities and generating expected returns for assets given the risk of those assets and cost of capital.

- **Risk Free Rate**

The risk-free rate is typically based on the returns from long-term government bonds and securities, as these represent minimal default risk, are highly liquid (freely tradable), and incorporate the expected long-term inflation premium. In this case, the risk-free rate has been considered as 6.76%, based on 10-year India Security bond.

- **Equity Risk Premium**

The Equity Risk Premium (ERP) is the additional amount of return over the risk-free rate that is required to compensate the investor for the additional risk of investing in the equity. It is typically measured by the amount by which historical returns in the equity security markets, over a long period of time, have exceeded the returns from risk free investments. Such historical return from investment in the equity markets – which is the sum of return by way of capital appreciation and return by way of dividend yield – is the market return. I have considered equity risk premium of 7.96% for the purpose of calculation of cost of equity [Ex-post historical analysis].

- **Beta (β)**

Systematic risk is measured in the CAPM by a factor known as Beta. Beta is a measure of volatility or systematic risk of a security or a portfolio in comparison to the market as a whole. The beta of the asset has to be estimated relative to the market portfolio and by selecting the comparable companies closely associated with the subject company. I have considered neutral beta 1.0 for the valuation of equity shares.

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- **Company Specific Risk Premium (α)**

Company-Specific Risk Premium (CSRP) represents the risk unique to the company, including factors such as additional business risk, economic risk, projection risk, technology risk, and legal risk. To compensate the investor for these risks, I have considered a 5.0% premium for the CSRP.

STATEMENT SHOWING CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL

Particulars	Value
Risk Free Rate of Return	6.76%
Beta Coefficient	1.00
Market Equity Risk Premium	7.96%
Business Risk	5.00%
Cost of Equity Financing	19.72%
Average Cost of Debt	8.15%
Tax Rate	25.17%
Cost of Debt (Net-off Tax)	6.10%
Target Weightage (Management Representation)	
Debt	26.66%
Equity	73.34%
Weighted Average Cost of Capital (WACC)	16.10%

- **Terminal Value**

The terminal value of an ongoing business could best be determined as the present value of estimated future free cash flows to avoid the need to forecast the company's cash flows in detail for an indefinite period. On this basis, the calculation of the terminal value may be made by capitalizing the free cash flows of the terminal year with WACC, adjusted for the future expected growth ("g"). According to the estimate, 5.0% should be assumed as the long-term rate at which a company should grow, and accordingly, this is considered the perpetual growth rate for the purpose of valuation. FCFF at the end of the explicit forecast period, FY 2028-29, is considered for the calculation of the terminal value.

CALCULATION OF TERMINAL VALUE

Terminal Value	INR Lakhs
UFCF of Terminal year	563.5
WACC	16.10%
Growth Rate	5.00%
Terminal Value	5,076.8
Discount Factor	0.58
PV of Terminal Value	2,955.1

- **Other Considerations**

To arrive at the value attributable to equity shareholders of the Company, the value arrived using DCF method has been adjusted for

1. Cash & Cash equivalents of INR 178.5 Lakhs as on December 31, 2024.
2. Debt and debt-like items amounting to INR 1256.00 Lakhs as on December 31, 2024.
3. Investment items amounting to INR 5.0 Lakhs as on December 31, 2024.

The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair market value of shares.



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The total adjusted value for shareholders is then divided by diluted number of equity shares to arrive at the value per share.

STATEMENT SHOWING FREE CASH FLOW TO FIRM

FCFF Analysis - Sanrhea Technical Textile	Terminal					
INR Lakhs	Mar'25*	Mar'26	Mar'27	Mar'28	Mar'29	Period
Revenue	1,539.1	8,800.0	9,600.0	10,500.0	11,500.0	12,075.0
Annualised Y-o-Y Growth %	n.a.	471.78%	9.09%	9.38%	9.52%	5.00%
PBT	282.5	752.0	784.8	810.5	848.0	960.0
PBT Margin %	18.35%	8.55%	8.17%	7.72%	7.37%	7.95%
Less: Tax Expense	75.7	189.3	197.5	204.0	213.4	241.6
Profit After Tax	206.8	562.7	587.3	606.5	634.5	718.3
Add: Depreciation	0.5	115.0	105.0	95.0	85.0	89.3
Add : Finance Cost (Net Off Tax)	18.8	82.3	74.8	67.3	59.9	62.9
Cash Profit After Taxes	226.1	760.0	767.1	768.8	779.4	870.4
Less: Incremental Capital Expenditure	-	-	-	-	-	89.3
Less: Incremental Working Capital Investment	412.2	320.3	357.9	357.7	458.7	217.7
Less: Incremental Non-Current Assets/Liabilities	-	-	-	-	-	-
Unlevered Free Cash Flows to Equity	(186.1)	439.7	409.2	411.1	320.7	563.5
Discounting Period (Years)	0.13	0.63	1.63	2.63	3.63	
Discount factor	0.98	0.91	0.78	0.68	0.58	
Net Present Value	(182.6)	400.5	321.0	277.8	186.7	

* March'25 period is for three month i.e. January 01, 2025 to March 31, 2025.

Statement showing Value per Share

Particulars	INR Lakhs
PV of Explicit Cash Flows	1,003.5
PV of Terminal Value	2,955.1
Enterprise Value as on December 31, 2024	3,958.6
Add: Cash & Bank Balance as on December 31, 2024	78.5
Add: Investment as on December 31, 2024	1,256.0
Less: Debt and debt-like items as on December 31, 2024	5.0
Equity Value as on December 31, 2024	2,786.0
Number of equity shares	5,000,000
Value Per Share (INR)	55.72

