



VALUATION REPORT

To,
The Directors,
Kranti Industries Ltd.,
Gate No.267/B1,
At Post Pirangut Tal Mulshi
Pune-412115

Sub: Report for computation of Fair Value of equity shares of Kranti Industries Ltd as of 30th June, 2023 to issue shares under Chapter V - Preferential Issue of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018.

Dear Sir,

We have reviewed the unaudited financials for year-to-date as of 30th June, 2023 of Kranti Industries Ltd ("Kranti" or "Company" or "Client") for determination of Fair Value of equity shares of Kranti as of 30th June, 2023 ("Valuation Date") for compliance with provisions of Regulation 166A of SEBI (ICDR) Regulations, 2018. ("Preferential Issue Regulations")

1. The preparation and presentation of the unaudited financial statements as on 30th June, 2023 and projected financial statements ("Financial Information") including the underlying assumptions is the responsibility of the Management of Kranti Industries Ltd and the Company. Our responsibility does not include verification of the accuracy of the Financial Information. Therefore, we do not vouch for the accuracy of the same. The terms of our engagement were such that we were entitled to rely upon the information provided without detailed inquiry
2. As informed by the Management, Kranti wishes to determine Fair Value of its equity shares for the purpose of preferential issue of equity shares for compliance under provisions of Preferential Issue Regulations.
3. This valuation to determine the Fair Value was performed in accordance with internationally accepted valuation principles and ICAI Valuation Standards 2018.
4. The commonly used valuation methods for determining the Fair Value have been considered to the extent relevant and applicable as under:

a) Income Approach

The income approach provides an estimate of the present value of the monetary benefits expected to flow to the owners of the business. It requires projection of the cash flows that the business is expected to generate. These cash flows are then converted to their present value by means of discounting, using a rate of return that accounts for the time value of money and the appropriate degree of risk in the investment. The value of the business is the sum of the discounted cash flows.





b) Market Approach

The market approach considers actual arm's-length transactions for which the market value of investments alternative to the subject company can be observed. The value of a company or an ownership interest in the company can be estimated by developing relevant multiples for the comparative companies that relate value to underlying revenue, earnings, or cash flow variable, and then applying these multiples to the comparable underlying revenue, earnings or cash flow variable for the subject company. The value multiples can be derived from guideline publicly traded company transactions or guideline transactions of private companies.

c) Cost (Asset-Based) Approach

The asset-based (net underlying assets) approach is a form of the cost approach. The values of the individual assets (i.e., current, fixed and intangible) of the business are estimated. The sum of the individual asset values represents the total asset value of the enterprise. The enterprise's liabilities related to working capital are deducted to arrive at an indication of value for the invested capital of the business. Because the cost approach does not always reflect the full value of intangible assets, it is often not appropriate to value an operating business. It may also be relevant to the value of an operating business that is not sufficiently profitable and whose "breakup" values may be greater than its going concern value.

In our analysis, we have used Income Approach, to arrive at the Fair Value of equity of Kranti.

Discounted Cash Flow Method — Income Approach

Projections Assumptions

In the discounted cash flow analysis, we utilized invested capital net cash flow streams, plus non-cash depreciation and amortization charged, less requirements for additions to working capital and fixed assets to value Kranti.

Management provided us with financial projections of Kranti and the specific assumptions used in the discounted cash flow analysis are detailed in the report.

Based on discussions with the management, the rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. The discount rate most generally employed is Weighted Average Cost of Capital ("WACC") reflecting an optimal capital structure as opposed to actual financing structure.





1. To arrive at the cost of equity, we have considered the "Capital Assets Pricing Model (CAPM)" method. According to the CAPM, the expected return of a security is equal to the risk-free rate plus a risk premium that is proportional to its Beta.
2. Thus, Cost of Equity =
Risk free Return + (Beta of a security x (Market Rate of Return - Risk Free Return))
3. The concluded WACC (discounting factor) and inputs used in calculating the WACC are as follows:

Entity Name	Cost of Equity ("Ke")	Post-tax cost of debt ("Kd")	Debt Equity ratio	WACC (Rounded)
Kranti	16.98%	6.92%	40 : 60	12.96%

4. The pre-tax cost of debt for the Company is assumed to be 9.25% for Kranti. It is based on forward looking bank lending rates, Company's expectations and Company's current borrowing rates. The cost of debt is adjusted for the tax rate to arrive at the WACC.

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The enterprise value of Kranti is estimated at INR 13,469 Lakhs.

The enterprise value estimated above has been adjusted for external debt, non-operating assets and cash and cash equivalents to arrive at estimated Fair Value of equity of Kranti.

As per calculations shown in the exhibits to the Valuation Report enclosed herewith, as of 30th June, 2023, **Fair Value of Kranti is INR 10,327 Lakhs and Fair Value per equity share is INR 97.77.**

This report is intended solely for the use of the management of the Company and should not to be used for any other purpose or by any person. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Certificate No.: KIL/23-24/RV/007

UDIN No.: 23170638BGWBPJ8648

For CA Milan Rupchandani

Registered Valuer

M. Rupchandani



ICAIRVO Membership No.: ICAIRVO/06/RV-P00291/2019-2020

IBBI Registration No.: IBBI/RV/06/2019/12563

Place: Nagpur

Date: 9th August, 2023



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INTRODUCTION

CA Milan Rupchandani, hereinafter referred to as "us" or "we", has been appointed by Kranti Industries Ltd to determine the Fair Value of equity shares of Kranti as of 30th June, 2023 for the purpose of Preferential issue of equity shares for compliance under provisions of Preferential Issue Regulations.

COMPANY BACKGROUND

Kranti Industries is a leading manufacturer of advanced auto components, dedicated to innovation and cutting-edge technology.

The principal place of business of the Company is Gat No. 267/B/1, At Post Pirangut, Tal. Mulshi, Pune – 412115, Maharashtra.

PURPOSE OF VALUATION

The Company needs to get Fair Value of its equity shares as of 30th June, 2023 ("Valuation Date") for the purpose of Preferential issue of shares for compliance with provisions of Regulation 166A of SEBI (ICDR) Regulations, 2018.

DATE OF REPORT

Following are important dates with respect to our valuation exercise:

Date of Engagement letter	3rd August, 2023
Valuation Date	30th June, 2023
Date of our report	9th August, 2023

BASE AND PREMISE OF VALUATION

Selection of Valuation Base

The Selection of an appropriate valuation base depends upon a number factors which include nature of the asset to be valued, scope and purpose of the valuation engagement.

Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Valuation bases as prescribed by the ICAI Valuation Standards 2018 are as follows.

(a) Fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.





(b) Participant specific value;

Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.

(c) Liquidation value

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

Apart from above, bases of valuation defined under International Valuation Standards (IVS) are given below:

1. Market value
2. Market rent
3. Equitable value
4. Investment value/worth
5. Synergistic value and
6. Liquidation value.

The IVS have also provided a non-exhaustive list of other non-IVS-defined bases of value prescribed by individual jurisdictional law or those recognised and adopted by international Agreement some of which are reproduced below:

1. Fair value
2. Fair market value
3. Intrinsic value

In the given circumstances, we have used Fair value along with market value and fair market value as bases of valuation.

Applicable Premise of valuation

Premise of Value refers to the conditions and circumstances how an asset is deployed. Any change in the valuation base or premise could have a significant impact on valuation exercise and therefore, this valuation report.

Some common premises of value as prescribed by the ICAI Valuation Standards 2018 are as follows:

Highest and Best Use

The highest and best use of a non-financial asset establishes the valuation premise used to measure the fair value of the asset. In present instance we are valuing the business, therefore we have not considered this premise.





Going Concern Value

Going concern value is the value of a business enterprise that is expected to continue to operate in the future. We considered this premise as appropriate in the present instance.

As-is-where-is Basis

As-is-where-is basis will consider the existing use of the asset which may or may not be its highest and best use.

Orderly Liquidation

An orderly liquidation refers to the realizable value of an asset in the event of a liquidation after allowing appropriate marketing efforts and a reasonable period of time to market the asset on an as-is, where-is basis. In the present instance since Kranti is not being liquidated, we have not considered this premise.

Forced transaction

A forced transaction is a transaction where a seller is under constraints to sell an asset without an appropriate marketing period or effort to market such asset. In the present instance since Kranti is not being liquidated, we have not considered this premise.

For the purpose of arriving at the valuation of Kranti, we have considered the valuation premise as "Going Concern" given the purpose of valuation and need of the Management.

SCOPE AND LIMITING FACTORS

It is in the context of the aforementioned that we have been requested by the Client to give our opinion on the Fair Value of equity shares of Kranti as of 30th June, 2023.

As such, this report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this report. While utmost care has been taken, however, our report is subject to the limitations detailed hereinafter:

Date of the Report - Valuation analysis and result are specific to the purpose of valuation date mentioned in the report is agreed as per terms of our engagement. We have no responsibility to update this report for events and circumstances occurring after the date of this report. The valuation has been conducted as of 30th June, 2023.

Reliance on the information provided - We have been provided with certain written & verbal information & assumptions from the Client. We have evaluated the information provided to us through broad inquiry, analysis and review (but have not carried out a due diligence or audit of the Company for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided).

The terms of our engagement were such that we were entitled to rely upon the information provided without detailed inquiry. Also, we understand that the Client has not omitted any relevant and material factors which could impact the valuation results. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by the Client and their impact on the present exercise.





Our work does not constitute an audit, due diligence or certification of the historical financial statements of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

No investigation of the Company's claim to title of assets of the Business has been made for the purpose of this valuation and the Company's claims to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. No responsibility is assumed for matters of a legal nature. We were not required to carry out a legal due diligence review.

Financial Projections - It must be understood that the valuation is for the future and it is the future stream of earnings which are of utmost significance in the process of valuation. The conclusion arrived at is a Valuation Result or a calculation Result that depends upon the nature of financial information provided and reliance placed on the same by the Valuer. The financial statements and the financial projections have been provided to us by the Company, which we have completely relied upon and therefore assume no responsibility for its accuracy & completeness. There will be some differences in the estimated and the actual data as events and circumstances generally do not occur exactly as expected.

Competent management assumed - It should be specifically noted that the valuation assumes the property/business will be competently managed and maintained over the expected period of ownership. This appraisal engagement does not entail an evaluation of management's effectiveness, nor are we responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.

Valuation Analysis - Valuation of business is not a precise art and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment.

SOURCES OF INFORMATION AND ASSUMPTIONS

During the course of our analysis, we were supplied with written & verbal information which we have relied upon. The Valuation is based on information and documentation provided by Sachin Vora, CS Bhavesh Selarka and Ajit Kesarwani (herein referred to as "Management"). The analysis includes, but was not necessarily limited to the following:

- Necessary explanations and information, which we believed were relevant to the present valuation exercise from the executives and management of the Client.
- Management certified unaudited financial statements as on Valuation Date of the Company..
- Management certified Projected Financial Statement of the Company for the period starting from April 1, 2023 to March 31, 2030.
- Business Profile of the Company.
- Information with respect to industry in which the Company operates.
- Current economic environment and outlook of emerging markets.
- Representation made by the management



Assumptions

For the purpose of this valuation, we have relied upon the following assumptions:

30th June, 2023 has been considered as the cut-off / valuation date and hence, our valuation reflects all the information available to us as of 30th June, 2023. Further, based on our discussions with the Management, there will be no material changes in the condition and outlook of the asset between the cut-off date and the date of the report. Economic conditions, market factors, and performance change may result in our conclusions becoming quickly outdated.

Our views are necessarily based on economic, market and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the views expressed in the report. Nothing contained within the Report is or should be relied upon as a promise or representation of the future.

For the purpose of this assignment, we have relied upon and accepted the information and representations made available to us by the Management and our conclusions are dependent on such information.

Fair Value

The three traditional approaches to value are the market, income, and cost approaches. In developing our opinions, we considered income approach to compute the Fair Value of the Company.

However, we have also computed value of the Company under Cost Approach (NAV method) and Market Approach (price as on Valuation Date), assigned weights to values determined under the three approach and determined a weighted average value. This is done purely as it was needed by the Management. Further, we have calculated value of the Company as per Regulation 164 (1) of SEBI ICDR Regulations, 2018 is also calculated. These calculations are given in Annexure.

Discounted Cash Flow Method — Income Approach

Methodology

The discounted cash flow method of the income approach explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. Indications of value are developed by discounting future net cash flows available for distribution to their present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

Cash flow is an important element in the financial management of a corporation. The ability of an enterprise to create cash inflows, meet cash requirements, and provide for related financial and investing activities is an important determinant in the value of that enterprise. More specifically, cash inflows include earnings and reductions of net working capital. Cash outflows include investments in fixed assets and additions to working capital. The discounted cash flow analysis focuses on the total cash returned to the owners of the business enterprise; this cash stream is subsequently available for dividend payments or reinvestment in the business.



In practice, the discounted cash flow analysis consists of estimating annual future cash flows and individually discounting them to present value. If the cash flow stream is to continue beyond the projection period, an estimate of the residual value of the business enterprise is developed (usually by capitalization) and discounted to present value. The summation of the discounted annual cash flows and the residual value after capitalization and discounting, plus non-operating assets, indicates the current enterprise value of business.

After establishing the cash flows to be used, the DCF Method typically involves:

- Estimating the free cash flow to firm in the discrete forecast periods;
- Determining an appropriate cost of capital to reflect the present-day value of money and Risk; and
- Discounting the discrete free cash flows to arrive at their Net Present Value (“NPV”).

Since cash flow projections can only be prepared for a definite period, the valuation will not capture the cash generating capacity of the business beyond the projection period and also the whole concept of going concern will not be considered. Hence, a terminal value is considered to capture value beyond the projection period through to perpetuity.

The terminal value is estimated taking into consideration the expected growth rates in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

The specific assumptions used in the discounted cash flow analysis for the Company are detailed as follows:

Financial Forecasts

The financial projections for the period March 2024 to March 2030 (“discrete period”) were provided by the Management. Financial projections include projections for revenue, cost, depreciation, capital expenditure, realizations and payments, the applicable taxes and working capital requirement based on the information and representations provided by the management.

Depreciation and Capital Expenditures

Nominal Depreciation based on the capital expenditure assumed were estimated by the Management during the discrete period. As per our discussion with the Management, the Company will not incur capital expenditure after the discrete period and will be dependent upon rental and leasing arrangements.

Tax Rate

Based on our discussion with the management, we understand that the applicable tax rate for the Company is 25.17% and taxes are as per the projections provided by the management.

Net Working Capital

Net working capital comprises operating assets and operating liabilities.





Terminal Period

The terminal value has been computed using the Gordon Growth model and has been applied to normalized cash flows. We have made the following assumptions with regard to the revenues, EBITDA margin, effective tax rate, normalized working capital and capital expenditure in the terminal period:

- Revenue are expected to grow at a long-term growth rate of 5.00%.
- The effective tax rate has been considered to be 25.17% based on our discussion with the Management.
- The normalized level of working capital is assumed which is based as per management expectations.
- Capital expenditure and the depreciation are assumed to be equal in the terminal period. As per our discussion with the Management, the Company will not incur capital expenditure after the discrete period and will be dependent upon rental and leasing arrangements.

Free Cash Flow to Firm

EBIT is adjusted for taxes applicable as per the Management to arrive at the Invested Capital Net Income. Depreciation and amortization were added, and capital expenditures and incremental working capital were subtracted to arrive at invested Capital cash flow.

Discount Rate

Free cash flows to firm were discounted to present value using appropriate discount rates. The discount rates were developed by analyzing the returns for investors required on the guideline companies as of the Valuation Date.

To arrive at the enterprise value, 12.96% WACC was used as a discount rate to yield the enterprise value of Kranti's operations.

subtracted to



Summary

Based on the above inputs and analysis, we have arrived at the Fair Value as of the Valuation Date:

Calculation of fair value of Equity	Amount
	in INR Lakhs
Present value of cash flows - discrete period	2844
Terminal year Growth rate	5.00%
Present value of Terminal year cash flows	10,626
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Enterprise value	13,469
Less: Debt	-3,634
Add: Cash and Cash equivalent	1
Add: Non-operating assets	491
Equity Value	10,327

Kindly refer to the valuation exhibits enclosed for detailed analysis.

CONCLUSION OF FAIR VALUE

As of 30th June, 2023, the Fair Value of Kranti is INR 10,327 Lakhs and Fair Value per equity share is INR 97.77.



APPENDICES

Appendix 1 — Discount Rate Development

As noted earlier, the income approach requires the application of an appropriate discount rate that reflects the risks of the cash flows. Since the cash flow streams of the unit are dependent on specific risks, we have estimated appropriate discount rate for the Company.

Weighted Average Cost of Capital (WACC)

WACC provides an expected rate of return based on the capital structure, the required return on the equity, and the required yield on the interest-bearing debt.

The formula for calculating the WACC is:

$$\text{WACC} = K_e \times W_e + K_d \times (1-t) \times W_d$$

Where:

K_e	Cost of Equity
W_e	Equity weight in total capital
K_d	Cost of Debt
t	Effective tax rate
W_d	Debt weight in total capital

The derivation of each of the inputs into the model is described below:

Cost of Equity (“ K_e ”) Using Capital Asset Pricing Model (“CAPM”)

The cost of equity has been estimated using Capital Asset Pricing Model (“CAPM”). We looked at the financial return data for other similar firms in the industry to arrive at the estimated required return the equity holders would expect for their investment.

$$K_e = R_f + (B \times \text{ERP})$$

Risk Free Rate (“ R_f ”)

The yield of 7.10% on the India 10-Year Government Bond as of the Valuation Date was used for the risk-free rate. (Source: rbi.org)

Market Equity Risk Premium (“ERP”)

The market equity risk premium is estimated based on consideration of historical realized returns on equity investments over a risk-free rate as represented by 10-year government bonds and forward-looking equity risk premium estimates. Data sources reviewed generated a range of equity risk premium indications. However, a 7.84% equity risk premium was considered to reasonably represent a consensus viewpoint of the market equity risk premium.



Beta (“B”)

Beta is a measure of the risk of a given security relative to that of the overall market. The concluded beta is based on the median of the unlevered beta(s) of the selected guideline public companies as of the Valuation Date, which was then re-levered based on the concluded capital structure. Details of beta used are provided in exhibits.

Pre-tax Cost of Debt (“Kd”)

The pre-tax cost of debt for the Company is assumed to be 9.25% for Kranti. It is based on the forward looking bank lending rates, Company’s expectations and Company’s current borrowing rates. The cost of debt is adjusted for the tax rate to arrive at the WACC.

Tax Rate (“t”)

The tax rate considered for the WACC is 25.17%. The cost of debt is adjusted for the tax rate to arrive at the WACC.

Capital Structure

The debt equity ratio is taken as ratio of debt existing as on 30th June, 2023 and based on the discussion with the Management and our understanding of the business.

Conclusion

Based on above inputs, the WACC is as provided in the table below:

Entity Name	Cost of Equity (“Ke”)	Post-tax cost of debt (“Kd”)	Debt Equity ratio	WACC (Rounded)
Kranti	16.98%	6.92%	40 : 60	12.96%

Please refer to exhibits enclosed for detailed analysis.





ANNEXURE

A. Relative fair value per share after considering all the 3 approaches

I. Value of the Company under Cost Approach (NAV method)

Valuation of Kranti Industries Limited

Asset approach based NAV analysis

Valuation as of 30th June, 2023

Sr. No.	Particulars	Note No.	Amount - in Rs Lakhs	
1	Total Assets			7,833
a	Current Assets	1	2,399.02	
b	Property and Equipment, net		5,033.27	
c	Investments	2	400.90	
2	Total Liabilities			5,362
a	Current Liabilities	3	2,420.81	
b	Long-term Debt	4	2,689.38	
c	Long-term Lease Liabilities	5	251.40	
3	Net Asset Value			2,472
4	No. of shares outstanding			105.624
5	Value per share			23

Note-1:- Current Assets

Particulars	Amount(in lakhs)
Inventories	1101.68
Sundry Debtors	1049.58
Deposits (Asset)	199.41
Cash & Bank Balances	0.84
Advance Tax - Income Tax	27.55
Other Current Assets	19.97
TOTAL	2399.02



Note-2:- Investment

Particulars	Amount(in lakhs)
*Investments - Shares Cosmos Bank	8.20
*Investments - Shares Kranti Sfc	15.00
*Investments - Shares Preciso Metall Pvt Ltd	99.78
*Investments - Shares Wonder Precision	277.92
TOTAL	400.90

Note-3:- Current Liabilities

Particulars	Amount(in lakhs)
Sundry Creditors	1050.77
Tds & Other Taxes Payable	6.97
Other Current Liabilities & Provisions	186.28
Deferred Tax Liability	231.71
Cash Credit	945.09
TOTAL	2420.81

Note-4:- Long Term Debt

Particulars	Amount(in lakhs)
Secured Loans	1949.38
Unsecured Loans	740.00
TOTAL	2689.38

Note-5:- Long Term Lease Liabilities

Particulars	Amount(in lakhs)
Lease Liabilities	251.40
TOTAL	251.40



II. Value of the Company under Market Approach

The price of the Company as on Valuation Date is INR 99.98.

Relative fair value per share after considering all the 3 approaches:

Valuation Approach	Value Per Share	Weight
Asset Approach	23.00	0
Income Approach	97.77	100%
Market Approach	99.98	0
Relative Value per share	97.77	

B. Price computed as per the Regulation 164 of SEBI (ICDR) regulations:

Particulars	Information	Reasons/Comments and Computations
Relevant Date	9 th August 2023	Date of shareholders meeting: 08th September 2023
Stock Exchange	BSE Limited	Highest Trading volume during the preceding 90 trading days prior to 09 th August 2023.
Frequently Traded Share	Yes	The traded turnover in BSE during 240 trading days preceding 09th August 2023 is 40,64,704. shares which is exceeding 10% of total number of shares. (i.e.10,56,2400 shares)

- i. Average of the volume weighted average price (VWAP) of the Equity Shares of Kranti Industries Ltd quoted on the Bombay Stock Exchange during the 90 trading days preceding the relevant date i.e., August 09, 2023





Trading Days	Date Of Trading Days	VWAP	No.of Shares	Total Turnover(Rs)
1	08-Aug-23	103.4521	36457	3771553
2	07-Aug-23	102.0153	24460	2495294
3	04-Aug-23	103.4623	24985	2585005
4	03-Aug-23	100.6098	16024	1612171
5	02-Aug-23	98.5007	4494	442662
6	01-Aug-23	99.4918	8694	864982
7	31-Jul-23	100.1927	25749	2579861
8	28-Jul-23	94.8231	7443	705768
9	27-Jul-23	94.3231	7902	745341
10	26-Jul-23	93.1703	13356	1244383
11	25-Jul-23	94.7256	4537	429770
12	24-Jul-23	95.0252	8245	783483
13	21-Jul-23	95.7120	2882	275842
14	20-Jul-23	96.3435	7730	744735
15	19-Jul-23	95.7352	8260	790773
16	18-Jul-23	96.8932	9745	944224
17	17-Jul-23	98.6758	7874	776973
18	14-Jul-23	97.4695	2758	268821
19	13-Jul-23	97.7084	17684	1727875
20	12-Jul-23	98.5837	13460	1326936
21	11-Jul-23	97.6833	14516	1417971
22	10-Jul-23	91.2618	11229	1024779
23	07-Jul-23	95.0146	14701	1396810
24	06-Jul-23	96.9115	11345	1099461
25	05-Jul-23	97.3518	10444	1016742
26	04-Jul-23	98.4283	19109	1880867
27	03-Jul-23	99.3322	12747	1266188
28	30-Jun-23	100.4082	40488	4065326
29	28-Jun-23	101.1878	11350	1148481
30	27-Jun-23	102.4564	17655	1808868
31	26-Jun-23	99.0957	15990	1584540
32	23-Jun-23	97.4748	21014	2048335
33	22-Jun-23	98.5995	7993	788106
34	21-Jun-23	99.7086	23947	2387723
35	20-Jun-23	100.2052	19241	1928048
36	19-Jun-23	103.0930	14693	1514746
37	16-Jun-23	104.6301	29794	3117350
38	15-Jun-23	107.1778	26394	2828852
39	14-Jun-23	103.9360	101248	10523317
40	13-Jun-23	97.7618	21228	2075287





41	12-Jun-23	99.7962	43310	4322173
42	09-Jun-23	95.8561	27510	2637000
43	08-Jun-23	93.8219	68870	6461517
44	07-Jun-23	88.4621	21598	1910605
45	06-Jun-23	86.4408	14993	1296007
46	05-Jun-23	85.3405	22842	1949348
47	02-Jun-23	84.4169	13179	1112530
48	01-Jun-23	83.1805	7406	616035
49	31-May-23	82.3686	4235	348831
50	30-May-23	80.6941	11571	933711
51	29-May-23	79.2112	21087	1670326
52	26-May-23	80.6235	30725	2477156
53	25-May-23	84.5169	6442	544458
54	24-May-23	83.3645	9525	794047
55	23-May-23	83.1472	10603	881610
56	22-May-23	85.6722	27797	2381429
57	19-May-23	88.2717	33552	2961691
58	18-May-23	89.9397	84555	7604852
59	17-May-23	83.8605	106380	8921082
60	16-May-23	77.6902	32721	2542101
61	15-May-23	73.8168	15878	1172063
62	12-May-23	73.5025	7998	587873
63	11-May-23	74.0230	3302	244424
64	10-May-23	74.7663	3363	251439
65	09-May-23	73.9481	4393	324854
66	08-May-23	73.1769	20827	1524055
67	05-May-23	70.9597	8369	593862
68	04-May-23	71.7912	38728	2780329
69	03-May-23	74.4352	12179	906546
70	02-May-23	74.9805	6038	452732
71	28-Apr-23	75.8656	7438	564288
72	27-Apr-23	76.4230	5615	429115
73	26-Apr-23	75.8504	12963	983249
74	25-Apr-23	77.0265	6821	525398
75	24-Apr-23	75.9715	7168	544564
76	21-Apr-23	76.9013	14291	1098996
77	20-Apr-23	74.5660	31051	2315350
78	19-Apr-23	72.1072	6379	459972
79	18-Apr-23	74.4717	10495	781581
80	17-Apr-23	73.3198	65999	4839032
81	13-Apr-23	69.1211	2716	187733



82	12-Apr-23	68.6000	8853	607316
83	11-Apr-23	68.8831	5610	386434
84	10-Apr-23	69.8874	3844	268647
85	06-Apr-23	69.8720	10573	738757
86	05-Apr-23	68.8069	7337	504836
87	03-Apr-23	67.3607	15620	1052174
88	31-Mar-23	65.6617	6616	434418
89	29-Mar-23	64.6598	9507	614721
90	28-Mar-23	63.0094	7256	457196
TOTAL			1663993	149036712

- ii. Average of the volume weighted average price (VWAP) of the Equity Shares of Kranti Industries Ltd quoted on the Bombay Stock Exchange during the 10 trading days preceding the relevant date i.e., August 09, 2023

Trading Days	Date Of Trading Days	VWAP	No.of Shares	Total Turnover(Rs)
1	08-Aug-23	103.4521	36457	3771553
2	07-Aug-23	102.0153	24460	2495294
3	04-Aug-23	103.4623	24985	2585005
4	03-Aug-23	100.6098	16024	1612171
5	02-Aug-23	98.5007	4494	442662
6	01-Aug-23	99.4918	8694	864982
7	31-Jul-23	100.1927	25749	2579861
8	28-Jul-23	94.8231	7443	705768
9	27-Jul-23	94.3231	7902	745341
10	26-Jul-23	93.1703	13356	1244383
TOTAL		99.0041	169564	17047020



iii. Applicable Price as of the relevant date, i.e., 9th August, 2023

Particulars	Amount
i] Average of 90 trading days VWAP	89.57
ii] Average of 10 trading days VWAP	100.53
Applicable Price (Higher of i or ii) (Rs.)	100.53

iv. Floor price for preferential issue

Sr. No.	Particulars	Amount
A	Price Computed as per Regulation 164 of SEBI (ICDR) Regulations, 2018	100.53
B	Relative fair value per share after considering all the 3 approaches	97.77
C	Floor price for preferential issue	100.53



Valuation of Kranti Industries Limited
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Valuation as of 30th June, 2023

Exhibit 1.1 Income approach based DCF analysis
Exhibit 1.2 Discount rate analysis



Valuation of Kranti Industries Limited
Income approach based DCF analysis
Valuation as of 30th June, 2023

Particulars	Amount - in INR Lakhs								
	2022-23	From July to March 2024	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Terminal value
	Estimates	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Revenue	9153	8250	12860	14583	16659	19275	22513	26205	27515
% growth		20.19%	16.91%	13.40%	14.23%	15.70%	16.80%	16.40%	5.00%
EBITDA	926	746	1250	1461	1733	2103	2590	3155	3312
% of Revenue	10.11%	9.04%	9.72%	10.02%	10.40%	10.91%	11.50%	12.04%	12.04%
Depreciation and amortization	392	311	388	364	365	374	381	388	408
% of Revenue	4.29%	3.77%	3.02%	2.50%	2.19%	1.94%	1.69%	1.48%	1.48%
Operating profit - EBIT	533	435	862	1097	1367	1729	2208	2766	2904
% of Revenue	5.82%	5.27%	6.70%	7.52%	8.21%	8.97%	9.81%	10.56%	10.56%
Taxes	101	51	152	220	295	393	515	654	731
% of EBIT	0.00%	11.72%	17.62%	20.03%	21.57%	22.72%	23.32%	23.66%	25.17%
Net Income for total capital employed	432	384	710	877	1072	1336	1693	2112	2173
% of Revenue	4.72%	4.65%	5.52%	6.02%	6.44%	6.93%	7.52%	8.06%	7.90%
Add: Depreciation and amortization	392	311	388	364	365	374	381	388	408
Less: Capital Expenditure		-300	-100	-100	-250	-300	-300	-300	-408
Less: Incremental net working capital		-727	-260	-675	-410	-511	-628	-719	-250
Free cash flows to firm		-332	738	467	777	899	1147	1481	1924
Present value factor	12.96%	0.9127	0.8080	0.7153	0.6333	0.5607	0.4963	0.4394	0.4394
Present Value		-303	596	334	492	504	569	651	



Valuation of Kranti Industries Limited**Income approach based DCF analysis****Valuation as of 30th June, 2023**

Calculation of fair value of Equity	Amount in INR Lakhs
Present value of cash flows - discrete period	2844
Terminal year Growth rate	5.00%
Present value of Terminal year cash flows	10,626
Enterprise value	13,469
Less: Debt	-3,634
Add: Cash and Cash equivalent	1
Add: Non-operating assets	491
Equity Value	10,327

Notes

- 1 Present value factors are calculated using a discount rate of 12.96 % which is weighted average cost of capital ("WACC").
- 2 Terminal year growth rate reflects the estimated sustainable growth rate of the company.
- 3 Incremental net working capital for the discrete period is provided by the management of the Company. Terminal period working capital is equated with average of working capital as percentage to sales over the discrete period.

Incremental Net working capital calculation

Particulars	From July to March 2024	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Terminal value
Opening net working capital	1064	1791	2051	2726	3136	3647	4276	4994
Difference	-727	-260	-675	-410	-511	-628	-719	-250
Closing net working capital	1791	2051	2726	3136	3647	4276	4994	5244
Sales	8250	12860	14583	16659	19275	22513	26205	27515
Working capital as percentage of sales	21.71%	15.95%	18.69%	18.82%	18.92%	18.99%	19.06%	19.06%



Valuation of Kranti Industries Limited
Discount rate analysis
Valuation as of 30th June, 2023

Weighted Average cost of capital ("WACC")

	Cost of capital	Capital structure
Equity	16.98%	60.00%
Debt	6.92%	40.00%
WACC		12.96%

Cost of Equity ("Ke")

Risk free rate		7.10%
Market equity risk premium	7.84%	
Re-levered Beta	1.2599	
Beta adjusted risk premium		9.88%
Ke		16.98%

Cost of Debt ("Kd")

Pre-tax cost of Debt		9.25%
Tax rate		25.17%
Kd		6.92%



Valuation of Kranti Industries Limited

Discount rate analysis

Valuation as of 30th June, 2023

Comparable companies	Beta	Market capitalisation	INR in crores			Debt %	Equity %	Tax rate	Unlevered Beta
			Total Debt	Total Capital employed					
Kinetic Engineering Ltd	0.8812	158	71	230	31.09%	68.91%	25.17%	0.6588	
Automotive Axles Ltd	0.4160	2599	23	2,622	0.89%	99.11%	25.17%	0.4132	
Talbros Engineering Ltd	0.2350	192	98	290	33.81%	66.19%	25.17%	0.1700	
Gna Axles Ltd	1.2470	1046	222	1,268	17.51%	82.49%	25.17%	1.0761	
Craftsman Automation Ltd	0.8792	4978	800	5,778	13.84%	86.16%	25.17%	0.7848	
Universal Autofoundry Ltd	1.8725	69	46	116	39.88%	60.12%	25.17%	1.2513	
Munjral Auto Ltd	0.4935	409	57	465	12.22%	87.78%	25.17%	0.4469	
Endurance Technologies Ltd	0.3179	15424	34	15,459	0.22%	99.78%	25.17%	0.3174	
Alicon Ltd	1.0013	1063	240	1,303	18.44%	81.56%	25.17%	0.8564	
Observed Levered Beta (Median)	0.8792	25,938	1,592	27,529	5.78%	94.22%	25.17%	0.8406	
Mean	0.8160								
Median	0.8792								
Average Debt equity	0.6667					Debt	Equity		
Relevered beta	1.2599					40.00%	60.00%		
Unlevered Beta =								Observed Levered Beta / (1+ ((1-t)D/E))	
Relevered Beta =								Unlevered Beta x (1+ ((1-t)D/E))	

Notes

Risk free rate is based upon yield of 10-year government bond

Total debt and total market capitalisation source - Capitaline TP

