

**Valuation Report
Of
Jrd Finance Limited**

**Prepared by:
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(IBBI REGISTERED VALUER)
Registration No: IBBI/RV/05/2019/11705**

Report Date: 18th January, 2025

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Date: 18th January, 2025

To,
The Board of Directors
JRD FINANCE LIMITED
1/1A, Biplabi Ankul Chandra Street, 5Th Floor, Room No. 5G, Kolkata, West Bengal 700072

Dear Sir/Madam,

Subject: Valuation of Equity Shares of JRD FINANCE LIMITED (JFL)

I. Purpose:

We have been engaged by JFL for the purpose of valuation of equity shares of JFL (“JFL”/ “Company”).

JFL is evaluating the fair market value of equity shares under preferential issue of shares under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR 2018). JFL requires a Valuation of its shares for issuing shares in terms of the amended regulation 165 read with Regulation 166A of SEBI ICDR Regulation 2018 and AOA of the Company.

Accordingly, as per the request received from the company, we are valuing the Equity Shares of the Company.

The information contained herein and our report is confidential. It is intended only for the sole use for JFL, and only in connection with the purpose mentioned above. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the purpose as aforesaid, can be done only with our prior permission in writing.

II. About the Valuer:

Mr. Subodh Kumar is an Independent valuer (“the Valuer”) and he is registered with Insolvency and Bankruptcy Board of India (“IBBI”) with Registration No.: IBBI/RV/05/2019/11705 for the purpose of carrying out the said valuation of equity shares. The Valuer is not related with the Promoters/ Company/Directors/Key Managerial personnel of the Company directly or indirectly.

III. Background/Information about JFL

JFL is based at Calcutta and Incorporated in the year 1993. The Registered office of the Company is situated at 1/1A, Biplabi Ankul Chandra Street, 5Th Floor, Room No. 5G, Kolkata, West Bengal 700072.

The Company is presently listed on Metropolitan Stock Exchange of India Limited (MSEI).

IV. Share Capital of JFL

The Share Capital of the Company, on a fully diluted basis, as on 30th September, 2024 is as under:

Particulars	Amount in INR
Issued, subscribed and paid up Capital 2720300 Equity Share of INR 10 each fully paid-up	2,72,03,000

(Source: www.mca.gov.in)



V. Appointing Authority:

We were assigned with this project of valuation of the Equity shares of the Company by the Audit Committee of Board (ACB) of the Board of Directors of the Company.

VI. Disclosure of Valuer's Interest/ Conflict:

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

VII. Sources of Information:

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

- Brief background of the business of the Company;
- Audited Financial Statements of Financial year 2023-24;
- Information available in the Public Domain;
- Latest Shareholding Pattern on 30th September, 2024;
- Memorandum and Articles of Association of the Company; and
- Market prices available on MSEI Websites.

VIII. Approach Considered in our Value Analysis:

General Principle for Valuation

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

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

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

IN SUMMARY:

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

- **Net Asset Approach:** This method takes into account the value of the assets of the business or the net worth as represented in the financial statements of the Company. For the purposes of arriving at net asset value per share, the net worth so arrived at shall be divided by the number of equity shares issued and paid-up.



- **Profit Earning Capacity Value (PECV) Approach:** This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.
- **Market Approach:** The market approach is a method of determining the value of shares based on the quoted price in the respective stock exchange where the shares have been listed.

Selection of Valuation Methodology

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

Therefore, for the evaluation of fair valuation, we, being an independent Valuer, have considered best reasonable judgment to value the equity shares through Discounted Cash Flow Method. The Relevant date is 16th January, 2025.

We, being an Independent Valuer, have calculated Rs. 50.00 per equity shares as the fair value price of each Equity Share in accordance with Regulation of the SEBI (ICDR) Regulations as per **Annexure I**.

Following is the summary of the Valuation:

Fair Value per Share - <i>as per Annexure-1.</i>	Rs. 50.00
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Valuation & Conclusion:

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

The Fair Market Value per equity share of JFL as per above methodology is INR 50.00/- (Indian Rupees Fifty).

Limitations & Disclaimers:

- Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.



- No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.
- Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the Equity shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with JFL and our work and our finding shall not constitute a recommendation as to whether or not the JFL/ Company should carry out the transaction.
- Our report is meant for the purpose as mentioned and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- Neither Valuer, nor its partners/directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.



SUBODH KUMAR
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IBBI Regn- IBBI/RV/05/2019/11705
Date: 18th January, 2025
Place: Delhi

Annexure-1

Calculation of Fair Value

(E) Estimated, Figures in INR Lakhs except no of shares

PARTICULAR	FY25	FY26	FY27	FY28	TERMINAL VALUE
PROFIT AFTER TAX	44.66	81.58	151.12	240.57	255.01
ADD: DEPRECIATION	0.00	0.04	0.07	0.10	0.10
LESS: CAPITAL EXPENDITURE	0.20	0.20	0.20	0.20	0.10
LESS: INCREMENT IN WORKING CAPITAL	-17.09	-14.10	-26.61	-34.24	0.00
ADD: INCREASE IN BORROWINGS	0.00	0.00	0.00	0.00	0.00
ADD: PROVISIONS	0.00	0.00	0.00	0.00	0.00
FREE CASH FLOW TO EQUITY	61.54	95.53	177.60	274.71	255.01
DISCOUNTING MID PERIOD	0.50	1.50	2.50	3.50	
DISCOUNTING FACTOR	0.9176	0.7727	0.6506	0.5478	0.5478
PRESENT VALUES	56.47	73.81	115.55	150.50	139.70

SUM OF PRESENT VALUES	396.33
TERMINAL VALUES	1,094.85
GROSS EQUITY VALUE	1,491.19
ADD: CASH AND CASH EQUIVALENTS	43.03
ADD: INVESTMENT	0.00
EQUITY VALUES	1,534.22
ADD: APPRECIATION IN VALUE TILL 30TH SEP, 2024	149.65
NET EQUITY VALUE AS ON 30TH SEP, 2024	1,683.87
LESS: NON MOBILITY DISCOUNT	336.77
ADJ EQUITY VALUES	1,347.09
No of shares	27,20,300
FAIR MARKET VALUE PER SHARE	49.52

COST OF EQUITY	
Return on Index	14.76%
Dividend Yield	0.00%
Expected Return	14.76%
Calculation of Risk Premium	
Expected Return	14.76%
Risk Free Return	7.05%
Beta	1.00
Risk Premium	7.71%
Risk Free Rate of Return	7.05%
Risk Premium	7.71%
Company Specific Premium	4.00%
Cost of Equity	18.76%

The value of shares of the Company under DCF Approach has been arrived at as follows:

Valuation under DCF method is based on management certified financial statements for the period ending 31st March, 2024 and Projections of the Company comprising of Balance Sheet, Profitability statements for FY 2024-25 to FY 2027-28 ("explicit period") as provided to us by the Management.



For the explicit period, free cash flows from the Shareholders fund have been arrived at as follows:

- Profits after Tax as per the projections have been considered.
- Depreciation & amortization on fixed assets have been added.
- Fund requirements for incremental working capital and capital expenditure have been reduced from the cash earnings of the respective years.
- Cost of Equity is worked out using the following formula:
 - Risk Free Return + (Beta x Equity Risk Premium) + Company specific premium;
 - The risk-free rate of return is taken at 7.05% based on Indian government bond rate for 10 years - source, (<https://countryeconomy.com/bonds/india?dr=2024-03>).
 - Industry leveraged Beta is considered as 1.00 since we don't any exact comparable listed company.
 - Based on qualitative analysis of long term, equity risk premium, equity risk premium is arrived - source, CAGR of BSE Sensex S&P 500 from 1st February, 1999 to 31st March, 2024 i.e. 7.71% - Source: www.bseindia.com;
 - Company specific premium of 4% has been considered based on size of TSIPL and past profit history of TSIPL;
 - Based on the above, the Cost of Equity is determined to be 18.76%.
- After the explicit period, the business will continue to generate cash. In DCF Method, therefore, perpetuity value is also considered to arrive at the enterprise value. For arriving at the perpetuity value, we have considered a growth rate of 6.00% based on management estimate.
- Cash flows for perpetuity have been arrived at after considering the corporate taxes, estimated capital expenditure and incremental working capital requirements.
- The discounted perpetuity value is added to the discounted cash flows for the explicit period to arrive at the enterprise value.
- Appropriate adjustments have been made for cash and cash equivalents and loan funds to arrive at the Equity Value.
- Since JFL is an unlisted company, discount for lack of marketability has been considered at the rate of 20% on the Equity Value.
- The value so arrived is divided by the outstanding number of equity shares on fully diluted basis as on the date of this report to arrive at the value per share.



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