

EQUITY SHARE VALUATION REPORT

of

Munoth Capital Market Limited

for

Proposed preferential issue of shares

• REGISTERED VALUER •

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LETTER TO APPOINTING AUTHORITY

To,
Board of Directors,
Munoth Capital Market Limited
Shanti Nivas, Opp. Shapath V,
Nr. Karnavati Club, S.G.Road,
Ahmedabad – 380 058

Subject: Equity share valuation report

Dear Sir / Madam,

Based on our discussion and engagement terms agreed, I have performed a valuation engagement for determination of value of equity shares of Munoth Capital Market Limited for proposed preferential issue of shares in accordance with Regulation 165 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time considering relevant date as 1st January, 2024.

The resulting estimate of value should not be used for any purpose or by any other party for any purpose other than purpose cited in the report.

Based on my analysis, I have determined value of equity shares as **Rs. 73 per share (Rupees seventy-three Only)** as on **1st January, 2024**. This report should be read along with all the explanatory notes and working annexed herewith including. Brief note on scope and purpose of work, information sources, background of company, experts involved, valuation methodology and detailed working follows with this letter.

My recommendation is subject to the statement of caveat, assumptions & limitation other disclosures set part in the later part of this report. I have no obligation to update this report or my conclusion of value for information that comes to my attention after the date of this report.



Mohit Jayeshbhai Solanki
ICAI Membership No.: 164148
IBBI Registration No.: IBBI/RV/06/2022/14822
UDIN: 24164148BKCYWF5510

Date: 5th January, 2024
Place: Ahmedabad

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SCOPE AND PURPOSE OF THIS REPORT

- 1.1 Based on discussion, it has come to my understanding Munoth Capital Market Limited wants to determine the value of its equity shares for proposed preferential issue of equity shares. Company being listed company and infrequently traded in stock exchange, Valuation needs to be determined in accordance with Regulation 165 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.
- 1.2 In light of this, I have been appointed by the board of directors of Munoth Capital Market Limited to prepare a valuation report to ascertain the value of the equity shares of the company considering relevant date as 1st January, 2024. Engagement letter dated 1st January, 2024 signed by Mr. Siddharth Shantilal Jain, director of the company has been received from the company for the same.
- 1.3 As per information available, basis of valuation is considered on fair value basis and valuation is based on going concern premise.
- 1.4 1st January, 2024 is considered as "Valuation date". Date of report is mentioned on first and last page of the report.

INFORMATION SOURCES

- 2.1 For the purpose of valuation exercise, I have relied on below mentioned financial and non-financial source of information:
 - Discussion with management and authorized representative of the company
 - Information and representation in written form or oral form or in soft copy provided by management of the company with respect to their historical financial statement, future plans, assets, liabilities, revenue, profitability and other relevant information,
 - Such other analysis, reviews, enquiries, as I considered relevant during course of valuation assignment.
 - Research and information available in market.
 - Memorandum of association and Article of association
 - Audit report for F.Y. 2022-23
 - Provisional financial statement from 1st April, 2023 to 31st December, 2023
 - Projected financials from FY 23-24 to FY 27-28.
- 2.2 I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis.



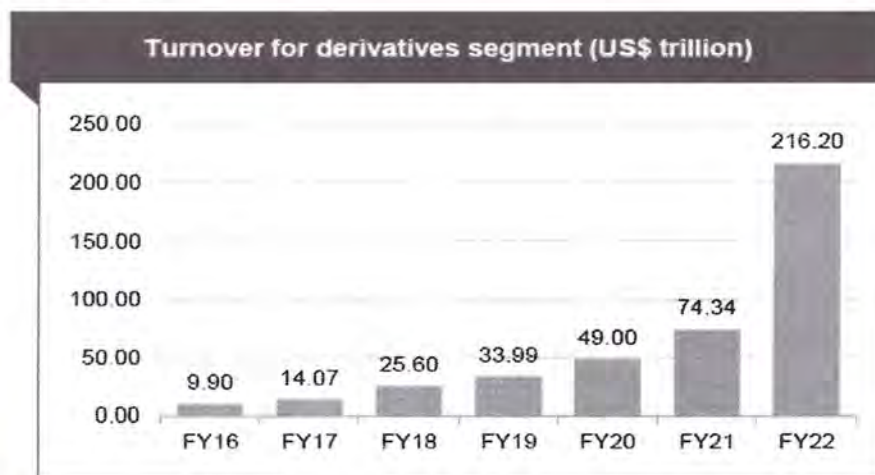
- 2.3 Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

BACKGROUND INFORMATION OF COMPANY

- 3.1 Company's corporate identification no (CIN) is L99999GJ1986PLC083614 and was incorporated on 4th September, 1986. Company is currently operating from office situated at Shanti Nivas, Opp. Shapath V, Nr. Karnavati Club, S.G.Road, Ahmedabad – 380 058. Company is mainly into broking business in equity market.
- 3.2 Company's shares are listed on Bombay Stock Exchange (BSE) with ISIN - INE910G01027 and script code 511200. Current outstanding equity capital on fully diluted basis is 89,91,000 shares of Rs. 5 each.

INDUSTRY OUTLOOK

- 4.1. Rising income is driving the demand for financial services across income brackets. The number of Ultra High Net Worth Individuals (UHNWI) is estimated to increase by 58.40% from 12,069 in 2022 to 19,119 in 2027. In 2022, India's gross savings stood at 29.84% of GDP.
- 4.2. According to Goldman Sachs, investors have been pouring money into India's stock market, which is likely to reach >US\$ 5 trillion, surpassing the UK, and become the fifth-largest stock market worldwide by 2024
- 4.3. The Indian equity market is expanding in terms of listed companies and market capitalization, widening the playing field for brokerage firms. Sophisticated products segment is growing rapidly, reflected in the steep rise in growth of derivatives trading.



IDENTITY OF REGISTERED VALUER

- 5.1 I am fellow member of The Institute of Chartered Accountants of India (ICAI), currently practicing as proprietor of M/s Mohit Solanki & Co, Chartered Accountant, Ahmedabad (Firm Registration No.: 157339W)
- 5.2 I am also registered with Insolvency and Bankruptcy Board of India (IBBI) as a registered valuer for asset class "Securities or Financial Assets" with registration no. IBBI/RV/06/2022/14822.
- 5.3 My office address registered is 608, Satyamev Elite, Bopal Ambli T Circle, S. P. Ring Road Bopal, Ahmedabad – 380 058.
- 5.4 No other experts were involved during this valuation exercise.

VALUATION PROCEDURE, APPROACHES & METHODOLOGY

- 6.1 Some of the key procedures in carrying out the valuation engagement are:
- Understanding the nature and purpose of the transaction.
 - Analysis of information provided by management or their authorized representatives and discussion with them.
 - Selection of the most appropriate valuation base.
 - Identifying the premise of value which refers to the conditions and circumstances how asset is deployed.
 - Selection of the valuation approach and the corresponding valuation methodology and arriving at final value.
- 6.2 It may be noted that I am enrolled with Institute of Chartered Accountants of India and ICAI Registered Valuer Organizations who has jointly issued ICA Valuation Standards, 2018 for undertaking valuation and accordingly I have considered this valuation standards for carrying valuation exercise.
- 6.3 There are three generally accepted approaches to valuation:

(A) ASSET OR COST APPROACH

This approach considers the Net Asset Value or Replacement value or Realizable value as an indication of the fair market value of the asset.



This methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business.

We have considered book net asset method of valuation in our working

(B) INCOME APPROACH

This approach focuses on the profit or earning potential of the asset being valued and considers price earnings capitalization value (PECV) or discounted cash flow as an indication of the fair value of the asset. The Income approach focuses on the income already generated by the company as well as its future earning capability.

Company has provided projected financials from F.Y. 2023-24 to F.Y. 2027-28 years considering its potential business capability and accordingly I have considered discounted cash flow method to derive at valuation of the company

(C) MARKET APPROACH

Under the market approach, the valuation is based on either the market value of the company in case of listed companies or based on comparable companies or transaction multiples in case of unlisted companies.

Company's shares are listed on stock exchange and accordingly I have considered market price method in our working.

Based on the information received from management and as per or preliminary research, comparable company is identified and accordingly, comparable market multiple method is used in our working.

VALUATION METHODOLOGY ADOPTED

7.1 The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. In arriving at the value from amongst the generally accepted valuation methodologies, I have applied methodologies most relevant, applicable and appropriate to the circumstances.

7.2 Based on the facts and circumstances of particular case, availability of information and limitations highlighted in previous para, I have decided to determine final value as under;



Name of Method	Appendix	Price	Weight	Weighted Average Price
Net Asset Method	1	4.96	1	4.96
Discounted Cash Flow Method	2	84.03	2	168.06
Market Price Method	3	97.96	3	293.88
Comparable Market Multiple Method	4	63.34	3	190.02
Total			9	656.92
Valuer of Share (Rounded off)				73.00
(Rupees Seventy-three Only)				

CAVEAT, LIMITATIONS AND OTHER RELEVANT DISCLOSURES

- 8.1 My 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.
- 8.2 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 I 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.
- 8.3 My valuation is based on information and representation furnished to us being complete and accurate in all material respects. I have relied on representation from the management that information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- 8.4 My scope of work does not enable me to accept responsibility for the accuracy and completeness of the information provided to us. I 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.



- 8.5 I have relied on the judgment and assumptions of the management. My valuation does not consider any judgments or assumptions other than those given to us and likely to be crystallized based on cross inquiries with the management. If there were any omissions, inaccuracy or misrepresentation of the information provided to me, it may have the effect on my valuation computations.
- 8.6 I have made certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, this exercise that has not been verified as part of the engagement rather, treated as "a supposition taken to be true". If any of these assumptions prove to be incorrect then my estimate on value will need to be reviewed.
- 8.7 The information presented in my report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and therefore may change valuation materially.
- 8.8 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 loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 8.9 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 my 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 My opinion, on the valuation including any significant changes that have taken place or are likely to take place in the financial position of the Company. I have no responsibility to update, revise or reaffirm this report for events and circumstances occurring after the date of this report.
- 8.10 The report assumes that the companies comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated and the company will be managed in competent and responsible manner.
- 8.11 The report is not, nor should it be construed, as my opining or certifying the compliance with the provisions of any law including company and taxation laws or as regards to any legal, accounting or implications or issues.



- 8.12 Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report and 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. The report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared and for any regulatory or legal purpose.
- 8.13 My Valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company. Any person/party intending to provide finance/invest in the company or its shares or any other securities or asset shall do so after seeking their own professional advice and after carrying out their own due diligence procedure to ensure that they are making an informed decision.
- 8.14 Decision to carry out the transaction (including payment or consideration thereof) lied entirely with the management and my work or findings shall not constitute a recommendation as to whether or not management should carry out the transaction.
- 8.15 Valuation has been performed based on projection given for the period from F.Y. 2023-24 to F.Y. 2027-28 and considering growth of 6% after explicit period as given by management. I have relied on projected financial statements provided by management which is based on certain judgments and estimates which is beyond my control. Value may change if due to any circumstances, judgments and estimates of management go wrong which is base of projected financials being provided to me.
- 8.16 Valuation is based on estimated of future financial performance or opinions that represents expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that event will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material. Consequently, this information cannot be relied upon to the same as extent as that derived from audited accounts for completed accounting periods. I express no opinion as to how closely the actual results will correspond to the results projected.



- 8.17 Provisional financial statement from valuation date of till report date is not provided to us and management represented that there are no material changes in respective of business plan financial position between valuation date and report date.
- 8.18 Valuation report should not be used as the sole basis for giving a loan or other financial product. Financial institutions and lenders should conduct their own due diligence and risk assessment.
- 8.19 I owe responsibility to only the management of the company that has appointed me. I will not be liable for any losses, claims, damages or liabilities arising out of the action taken, omission of or advice given by any other party to the company. In no event shall I be liable for any loss, claims damages, liabilities, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the company, their directors, employees or authorized representative. In the particular circumstances of this case, my liability, if any (In contract or under statute or otherwise) for any economic loss, claims, damages shall be limited to the amount of fees actually received by us from the client as laid out in the engagement letter for this valuation assignment.
- 8.20 Myself, nor my chartered accountancy practicing firm or my employees makes any representation or warrant, expressed or implied, as to 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 report.
- 8.21 The draft of the present report was circulated to the management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.
- 8.22 I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking my evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my tendering evidence before such authority shall be under the applicable laws.

8.23 This report is subject to laws of India.



8.24 I have acted as an independent third party and, as such, shall not be considered an advocate for any concerned party for any dispute. The valuation has been carried out independently to assess the valuation services. I have no present or planned future interest in the client company or any of its group companies and the fee for this report is not contingent upon outcome of the transaction.



Mohit Jayeshbhai Solanki

ICAI Membership No.: 164148

IBBI Registration No.: IBBI/RV/06/2022/14822

Date: 5th January, 2024

Place: Ahmedabad

UDIN: 24164148BKCYWF5510

APPENDIX 1 - VALUATION AS PER NET ASSET METHOD

1. The Net Asset Method is a valuation approach that involves assessing the value of a company's shares based on the net assets recorded in its balance sheet. In this method, the net assets represent the company's total assets minus its total liabilities.
2. Calculation of value of equity shares considering figures in provisional balance sheet as on 31st December, 2023;

Sr No	Particulars	Amount (In Lakh)
	Non-Current Assets	580.88
	Current Assets	51.98
A	Total Assets	632.86
	Non-Current Liabilities	-
	Current Liabilities	186.84
B	Total Liabilities	186.84
C = A - B	Net Asset	446.02
D	No of Equity Shares (In Lakh)	89.91
E = C/D	Valuer of Share	4.96

APPENDIX 2 - VALUATION AS PER DISCOUNTED CASHFLOW METHOD

1. Determination of value using discount cash flow method involves following steps;

Step 1: Forecast the cash flows a company generates from its core operations for few years. Determine cash flow available to the company which is commonly known as free cash flow to the equity (FCFE);

FCFE = Profit After Tax + Depreciation / Amortization – CAPEX – increase in working

Step 2: Estimates cash flows beyond the explicit forecast year by estimating a lump-sum value of the business post the explicit forecast period. This is called as terminal value;



$$\text{Terminal Value using Gordon's Constant Growth Model} = \frac{d1}{r - g}$$

Where:

d1: Free cash flow to firm in next year

g: Constant growth rate expected for in perpetuity

r: Cost of Equity

Step 3: Discounting the cash flows to the present by applying weighted average cost of equity;

$$\text{Cost of Equity (Ke)} = R_f + (R_m - R_f) * b$$

Where:

R_f = Risk free return

R_m = Market Return

R_m-R_f = Risk premium

b = Beta

Step 4: Add the value of non-operating assets to the present value of unlevered free cash flows;

Non-operating assets are items of balance sheet which does not contribute to operating cash flow projected earlier. This includes cash and cash equivalents along with interest accrued on it, Investment in securities, investment in equity instruments, etc.

Step 5: Add price to be receive on shares dilution;

Exercise price payable by equity option holder in exercise of option is to be added to the above value to arrive final equity value.

Step 6: Derive outstanding shares on fully diluted basis;

Determine outstanding shares on fully diluted basis by adding existing issued shares, shares to be issued on conversion of convertible securities and shares to be issued against warrants and options.

Step 7: Determination of final value;

In order to arrive at final value per shares, divide final equity value with outstanding shares on fully diluted basis.



2. Assumptions and key elements used in working:

Particular	Value
Risk free Return - Rf	7.36%
Market Return - Rm	13.07%
Beta - b	0.35
Cost of equity - Ke	9.36%
Perpetual Growth Rate	6.00%

3. Calculation of final value of share:

(Amount in Lakh)

Particular	Note	Amount
Present Value of Cash flows	1	7,685.60
Add: Cash & cash equivalent	2	0.37
Less: Prest Value of capital infusion	3	-131.25
Final Equity Value		2,311.34
No. Equity Shares	4	89.91
Equity Value/Share (Rounded off)	5	84.03

Note 1: Present value of cash flow from explicit period (23-24 to 27-28) and terminal value at the end of explicit period (31st March, 2028) derived through gorden's growth model discounted at cost of equity of 9.36%.

Note 2: Cash & cash equivalent balance as on valuation date as per provisional balance sheet.

Note 3: Present value of expected amount of funding expected by the company.

Note 4: Company has issued 89,91,000 equity shares having face value of 5 each and same is outstanding till date. There is no convertible securities or ESOP pool.

Note 5: Value of equity shares of the company as on 1st January, 2024 using discounted cash flow method is derived at as Rs. 84.03 (Rupees Eighty-Four and Three paisa Only)

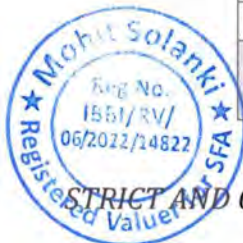
APPENDIX 3 - VALUATION AS PER MARKET PRICE METHOD

1. Market Price Method is a valuation approach that involves deriving price of the shared based on listed price of the company in stock exchange for immediate proceeding dates from valuation date.



2. Valuation of equity shares based on volume weighted average price for the preceding 365 days from valuation date i.e. from 2nd January, 2023 to 1st January, 2024;

Date	No.of Shares	Total Turnover (Rs.)
26-12-2023	266	22,350
22-12-2023	5	412
20-12-2023	1	78
23-11-2023	6	471
13-11-2023	100	7,850
10-11-2023	1	78
03-11-2023	2	157
25-10-2023	1	76
23-10-2023	1	76
17-10-2023	4	307
10-10-2023	1	76
22-09-2023	173	13,314
20-09-2023	81	6,233
11-09-2023	18	1,385
08-09-2023	132	9,761
07-09-2023	35	2,652
05-09-2023	1	79
04-09-2023	36	2,871
30-08-2023	1	83
24-08-2023	1	88
23-08-2023	15	1,325
22-08-2023	1	92
14-08-2023	7	684
09-08-2023	20	1,956
08-08-2023	18	1,819
07-08-2023	5	514
02-08-2023	4	433
18-07-2023	1	114
17-07-2023	1	120
03-07-2023	8	1,003
16-06-2023	118	15,581
15-06-2023	12	1,584
13-06-2023	1	139
08-06-2023	1	143
14-02-2023	134	20,207
13-02-2023	101	14,508
Total	1,313	1,28,619
Volume Weighted Average Price = Total Turnover / Total Volume		97.96



APPENDIX 4 – VALUATION AS PER MARKET MULTIPLE METHOD

1. The fundamental idea behind this approach is to assess the value of a company's shares by comparing them to the market multiples of similar companies operating in the same industry or sector.
2. Valuation as per comparable companies' market multiple method;

Particulars	Amount
Book Value as on 31.12.2023	4.96
MP / BV Multiple	12.77
Price per share	63.34

----- **END OF REPORT** -----

