

Valuation Report
For Determining the Fair Value of Equity Shares of
Royal Cushion Vinyl Products Limited

Valuation Date: 1st August, 2023

Report by:
Mayur Popat
Registered Valuer
Securities and Financial Assets
+91 8000334511
mayurpopat@jnmaandco.com

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

To,

The Board of Directors,

Royal Cushion Vinyl Products Limited

60 CD, Shlok Government Industrial Estate,

Charkop, Kandivali (West),

Mumbai - 400067,

Maharashtra.

Dear Sir/Madam,

Subject: Valuation Report for determining the Fair Value of Equity Shares of Royal Cushion Vinyl Products Limited as on 1st August, 2023

We refer to the Engagement Letter dated 20th September 2023 for determining the fair value of Equity Shares of Royal Cushion Vinyl Products Limited ("**Company**") as on 1st August 2023 ("**Valuation Date**"). The equity shares of the Company are listed on BSE Limited. In accordance with the terms of the engagement and discussions held, the management of the Company has requested Mr. Mayur Popat, Registered Valuer, ("**I**" or "**we**") to undertake valuation exercise and recommend the fair value of Equity Shares of the Company in connection with the proposed issue of equity shares by the Company through preferential issue ("**Proposed Transaction**").

We are enclosing our valuation report ("**Valuation Report**"), along with this letter. In the attached Valuation Report, we have summarized our valuation analysis for valuing the Equity Shares of the Company as on 1st August 2023, together with the description of the methodologies used and limitation on our scope of work. The purpose of this valuation report is to express an opinion, in the capacity of an Independent Registered Valuer, on the fair value of the equity shares of the Company for the proposed preferential issue of equity shares under section 62(1)(c) and section 42 of the Companies Act, 2013 read with applicable rules notified thereunder ("**Companies Act**") and Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**").

In rendering the afore mentioned services, we reviewed and relied upon various documents, materials and information provided by the management of the Company and the generally available information in public domain. Given the limited and specific purpose of the Valuation Report, the financial information presented in the Valuation Report may be incomplete and contain departures from generally accepted accounting principles.



425, Lotus Elite, Besides OSIA Hypermarket, Gotri Sevasi Road, Vadodara - 390021

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

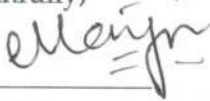
The Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

To the best of our knowledge and information available, we confirm that we do not have any financial interest or conflict with the Company or its Board of Directors. Our fees for this valuation exercise is based upon our normal billing rates and are in no way contingent upon the results of our findings. We have no responsibility to update the Valuation Report for events or circumstances occurring subsequent to the date of the Valuation Report. The Valuation Report is not to be copied or made available to any persons without our express written consent.

We are pleased to present the Valuation Report, which we hope will be of adequate use and help in taking appropriate decision for the purposes to which the Valuation Report is brought out.

We take this opportunity to thank management of the Company, without whose co-operation, it would not have been possible to complete this assignment in time.

Yours faithfully,



Mayur Popat

Registered Valuer - Securities and Financial Assets (IBBI)

Registration No. IBBI / RV / 006 / 2019 / 11173

Date: September 30, 2023

Place: Vadodara

UDIN: 23132407BGTHWE3724



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

CONTENTS

1. Introduction and Background information
2. Valuation Date, Valuation Standards, Procedures
3. Nature and sources of information
4. Valuation methodology, approach and analysis
5. Conclusion
6. Caveats, limitations and disclaimers



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

1. Introduction and Background Information

1.1. Purpose of valuation and appointing authority

1.1.1. We have been informed that the management of the Company is contemplating to issue the equity shares of the Company through preferential issue to i) certain members of the promoter and promoter group of the Company; and ii) to other private investors in accordance with the provisions of the Companies Act and SEBI ICDR Regulations and other applicable statutory / contractual compliances.

1.1.2. As per Section 62(1)(c) of the Companies Act, 2013 read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, the price of shares or other securities to be issued on preferential basis by a company shall not be less than the price determined on the basis of valuation report of a registered valuer.

1.1.3. In terms of provisions of 'Chapter V - Preferential Issue' of the SEBI ICDR Regulations ("SEBI Preferential Issue Regulations"), the following norms are prescribed as to valuation of the equity shares to be issued under a preferential issue:

- i) As per Regulation 164 of the SEBI ICDR Regulations, the equity shares of the Company are not frequently traded as on the Relevant Date viz. September 25, 2023, as informed to us by the management of the Company. Accordingly, in terms of Regulation 165 of the SEBI ICDR Regulations, the floor price of the equity share of the Company is required to be determined by the Company taking into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such Company.
- ii) Regulation 166A of the SEBI ICDR Regulations provides that any preferential issue, which results in a change in control or allotment of more than 5% (five per cent) of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price. We have been informed by the management of the Company that while there is 'no change in control' involved, however, there is allotment of more than 5% of the post issue fully diluted share capital of the Company to certain members of the promoter and promoter group (considered



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBJ/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

collectively as persons acting in concert). Therefore, there is a requirement to obtain a valuation report from an independent registered valuer.

1.1.4. In view of above statutory requirements under the Companies Act, 2013 as well as the SEBI Preferential Issue Regulations, we have been appointed by the management of the Company as an independent registered valuer to carry out the valuation exercise and determine the fair value of the equity share of the Company.

1.1.5. We would like to emphasize that certain limited terms of the Proposed Transaction are stated in this report, however, the detailed terms of the Proposed Transaction shall be more fully described and explained in other documents prepared / issued by the Company including board meeting outcome, board resolution and notice of extra-ordinary general meeting of the members of the Company.

Background Information

1.2. Royal Cushion Vinyl Products Limited

1.2.1. "Royal Cushion Vinyl Products Limited" or "Company" is a public limited company incorporated under the provisions of the Companies Act, 1956, having corporate identity number L24110MH1983PLC031395 and having its registered office at 60 CD "Shlok" Government Industrial Estate Charkop, Kandivali (West), Mumbai 400067, Maharashtra India. The equity shares of the Company are listed on the BSE Limited ("BSE").

1.2.2. The Company is primarily engaged in the business of manufacturing and supplying of PVC floor covering, PVC sheets and PVC Leathercloth. The main objects as set out in the Memorandum of Association is as under:

1. "To manufacture and sell floor coverings, wall coverings and other articles made from Poly Vinyl Chloride and/or Polyurethane."

1.2.3. Board of Directors as on August 1, 2023

Name of Directors	Designation	Director Identification Number
Mahesh Kantil Shah	Managing Director	00054351
Jayesh Motasha Amritlal	Non Executive Director	00054236



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

Avani Pandit Jolly	Independent Director	08386003
Harsha Shah Mukesh	Independent Director	08386011

1.2.4. Capital structure as on August 1, 2023

Particulars	Amount (in Rs.)
Authorised Capital	
3,00,00,000 Equity Shares of Rs. 10/- each	30,00,00,000/-
Total	30,00,00,000/-
Issued, Subscribed and Paid-up Capital	
1,20,67,212 Equity Shares of Rs. 10/- each fully paid-up	12,06,72,120/-
Total	12,06,72,120/-

1.2.5. Shareholding pattern as on June 30, 2023

Shareholders Category	No. of Equity Shares held	% of Shareholding
Promoter and Promoter Group	79,83,128	66.16%
Public	40,84,084	33.84%
Total	1,20,67,212	100%

2. Valuation Date, Valuation Standards, Procedures**2.1. Date of Valuation**

We have been requested to undertake the valuation exercise as of 1st August, 2023, being the latest relevant month end date and also not being older than 3 (three) months. Accordingly, we have determined the fair value of equity share of the Company as at 1st August, 2023 - Valuation Date.

2.2. Procedures adopted in carrying out the valuation and valuation standards followed

We have followed and complied with ICAI Valuation Standard 102 - Valuation Bases (IVS 102), ICAI Valuation Standard 103 - Valuation Approaches and methods (IVS 103), ICAI Valuation Standard 201 - Scope of Work, Analyses and Evaluation (IVS 201), ICAI Valuation Standard 202 - Reporting and Documentation (IVS 202) and ICAI Valuation Standard 301 - Business Valuation (IVS 301). As per Valuation Standard 102 - Valuation Bases (IVS 102), we have taken Fair Value as Valuation Base and Going Concern Value as Premise of Value. Any change in the valuation base or the premise could have a significant impact on the valuation exercise.



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

2.3. Identity of the valuer and experts involved in valuation

The following valuer was involved in the valuation of the Company:

Sr. No.	Name of the Valuer	Qualifications
1.	Mayur Popat	Registered Valuer - Securities and Financial Assets, Insolvency Professional and Chartered Accountant

2.4. Intended users of the valuation report

The purpose of this Valuation Report is to determine and recommend the fair value of the equity share of the Company for the Proposed Transaction. It can be submitted to any authority or persons, to the extent mandatorily required under the applicable laws of India, and may be produced before judicial, regulatory or government authorities, in connection with the Proposed Transaction.

This report has been provided to the Company and has been prepared solely for the purpose of providing selected information on a confidential basis.

Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.

2.5. Disclosure of valuer's interest or conflict, if any

To the best of our knowledge and information available, we confirm that we do not have any financial interest or conflict with the Company or its Board of Directors for determining and recommending the fair value of the equity share of the Company.

3. Nature and sources of information

This valuation report has been the result of output from various internal (management) as well as external sources (information available in public domain). The below summarises the broad summary of data obtained and relied upon:

1. Memorandum and Articles of Association of the Company.
2. Capital Structure of the Company as on 1st August, 2023.
3. List of directors of the Company as on 1st August, 2023.
4. Annual Report / Audited Financial Statements for the financial year ended March 31, 2023 and provisional unaudited financial statements / results for the



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

- four months period ended on July 31, 2023 of the Company.
5. Financial projections of the Company, as prepared and provided by the management of the Company, for the period from August 1, 2023 to March 31, 2024 as well as for projected financial years ending March 31, 2025, March 31, 2026, March 31, 2027 and March 31, 2028.
 6. Valuation reports of the Independent Valuers determining the fair market value of the land and buildings owned by the Company.
 7. Draft documents relating to meetings of the Board of Directors and the extraordinary general meeting of the members of the Company.
 8. Other relevant information, explanations and data provided by the management of the Company.
 9. Quantity of shares traded of the Company on BSE Limited during the period of 240 trading days preceding the Relevant Date, as accessed from the website of BSE Limited.
 10. Other information available in the public domain / sources as deemed necessary including details regarding risk free rate of return, market premium etc.

4. Valuation approach, methodology and analysis

- 4.1. It is impertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting one or more valuation methods or approaches that is suitable for the purpose keeping in perspective the factual matrix.
- 4.2. By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgment. Although our conclusions will, in our opinion, be reasonable and defensible, others might wish to argue for a different value. Valuation is based on estimates of future financial performance or opinions that represent reasonable 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 events 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 extent as that derived from audited financial statements for completed accounting periods.
- 4.3. The valuation basis used in arriving at our valuation conclusion is 'Fair Value'. 'Fair value' is defined by IVS 102 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

participants at the valuation date.". IVS 102 defines 'orderly transaction' as "a transaction that assumes exposure to the market for a period before the valuation date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities and it is not a forced transaction. The length of exposure time will vary according to the type of asset and market conditions."

- 4.4. The Company was valued on a stand-alone, fair value basis assuming a hypothetical willing buyer and a hypothetical willing seller. The values presented herein do not consider any additional value that may be realized by a particular purchaser who benefits from specific synergies or economies of scale, which could not be identified or quantified for these purposes. The fair value basis was applied to produce a reasonable proxy for the value of the Company as on the Valuation Date.
- 4.5. IVS 301 on Business Valuations deals with valuation of a business and business ownership interest (i.e. it includes valuation of shares). IVS 301 specifies that generally, the following three approaches for valuation of business / business ownership interest are widely used:
 - a. Market approach
 - b. Income approach
 - c. Asset / Cost approach
- 4.6. There are various methods within the above three broad valuation approaches. The application of any particular approach and 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 emphasised that a valuer can arrive at one value for one purpose.
- 4.7. Further, it is to be noted that the equity shares of the Company are 'infrequently / not frequently traded' in terms of provisions of the SEBI Preferential Issue Regulations and therefore, as per Regulation 165 of the SEBI ICDR Regulations, the issue price determined for the shares of the listed company shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such Company. Therefore, we have duly considered these provisions while undertaking this valuation exercise.
- 4.8. In this background, the aforesaid valuation approaches and the most suitable methods, in my opinion, in the context of valuation of the equity share of the Company are discussed in the following paragraphs.



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

4.9. Market Approach

Market approach is a valuation approach that uses the market prices and other relevant information generated by market transactions of similar or identical nature and size in terms of assets, liabilities or group of assets and liabilities. It is essential that benchmark market transactions to be referred for valuation should be comparable transactions and should be suitable for valuing the Company otherwise such an exercise may provide valuation outcome which may not be indicative of the true fair value of the Company under consideration. The most common valuation methods under the Market Approach are as under:

4.9.1. Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity share of that company where such quotations are arising from the shares being regularly and freely traded in.

- In the present case, the equity shares of the Company, though listed on BSE Limited, but are not frequently traded and therefore, this valuation method is not suitable and hence, has not been considered.

4.9.2. Comparable Company Market / Transaction Multiple method

Under this method, value of the equity share of a company / business undertaking is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuation derived based on market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Under this methodology, market multiple of comparable listed companies is computed and applied to the business being valued in order to arrive at a multiple based valuation. This approach is usually applied in case of valuation of unlisted companies. Some of the common multiples used in a valuation are listed below:

- Market Cap / Sales Multiple
- Price / Earnings Multiple
- Enterprise Value / EBIDTA Multiple

- The Company has been incurring losses as evident in historic financial statements and further, the management of the Company has indicated that there are no direct comparable listed companies that can be considered to determine the applicable multiple. Therefore, in our opinion, the comparable company / transactions multiple method is not suited to the current valuation



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

exercise.

4.10. Income Approach

Income approach is a valuation approach that translates maintainable future earnings i.e. cash flows or net (income less expenses) to a single current amount i.e. discounted or capitalised, which represents the current value of the business being valued. Usually under the Income Approach, the methods that maybe applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity Value (PECV) Method. However, the DCF Method is the most widely used, accepted and recognised method of valuation under the Income approach, which has been considered for present valuation exercise, as briefly discussed below.

4.10.1. Discounted Cash Flow Method

Discounted Cash Flow (DCF) model indicates the fair market value of a business based on the value of free cash flows that the business is expected to generate in future. This method involves the estimation of post-tax cash flows for the projected period and the terminal value, after taking into account the business requirements of reinvestment in terms of capital expenditure and incremental working capital. These cash flows are then discounted at a weighted average cost of capital that reflects the risk of the business and the actual capital structure of the entity or the optimum capital structure at which an entity can continue to operate in the long run. Using the DCF analysis involves determining the following:

- a. Estimating the future free cash flows which are derived from the financial projections of the Company. The future free cash flows consist of the cash flows for the explicit period and also of perpetuity period.
- b. Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital.
- c. The cash flows are determined by deducting from the earnings before depreciation, interest and taxes (EBDIT), (i) cash taxes, ii) other non-cash charges and iii) non-operating (one off) revenue / expenditure. The cash flow so derived is adjusted for change in working capital requirements and capital expenditure to derive the free cash flows.
- d. Appropriate discount rate is applied to future cash flows to obtain the present value of such cash flows. This discount rate should reflect the opportunity cost of the capital providers i.e. weightage average cost of capital consisting of weightage cost of equity and cost of debt.
- e. To the sum of the present value of the cash flows for the explicit period and for the perpetuity, adjustments are made for loan funds, surplus cash /



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

assets, value of investments and contingent liabilities, after considering the tax impact wherever applicable.

- f. The value as arrived above is divided by the outstanding number of equity shares to arrive at the value per share

- The management of the Company has provided us the financial projections for the upcoming five years and it would be most appropriate to apply the DCF Method for valuing the Company given its operating history and its significant business operations.

4.11. Asset / Cost approach

Asset / Cost based valuation approach is based on the value of underlying net assets of the business, on a book value basis / replacement cost / realizable value basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data, adjusted for current market values, that may not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. In calculating the value of assets and liabilities, the appropriate adjustments are made, wherever warranted and possible, to the book values of such assets and liabilities to arrive at the current market value of such assets and liabilities, specifically in the present case, the book values of land and building are replaced by the fair market value of such land and building based valuation report of the Independent Valuer. In other cases, the book values are assumed to be the market values. The underlying net assets value as arrived above is divided by the outstanding number of equity shares to arrive at the fair value per share under this method.

- The Company also owns and in possession of certain significant land and building including as part of its business activities and others as vacant surplus assets. Therefore, given this background and fact that the Company has been incurring losses, it is also appropriate to apply the asset / cost based valuation method to value the business of the Company.

4.12. Fair Valuation

- 4.12.1. It is pertinent to note that the fair value per share derived under each method applied as above would be different owing to the different principles and techniques involved under each method. However, for the purposes of determining the fair value, it is necessary to arrive at a single value for the equity shares of the Company. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the equity shares of the Company but to work out a relative value per equity share appropriate under the given circumstances.



4.12.2. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each method so as to derive the fair value per equity share.

4.12.3. Given the fact that the Company is an operating company with significant business operations, we consider it appropriate to give a weight of 75% to the Income Approach / DCF Method and balance weight of 25% to the Asset / Cost approach in order to weigh more towards value derived based on income approach as it is a going concern entity and allocate the remaining weight of 25% to asset / cost method to duly factor in the value of significant land and buildings owned by the Company.

4.13. Basis above valuation exercise undertaken and given the fact that the net worth of the Company is eroded due to its past adverse operating history and sick status and substantial debt / liabilities in its balance sheet, the fair value per equity share of the Company is in negative. However, in terms of provisions of the Companies Act, a company cannot issue the fresh equity shares below the face value. Given this statutory requirement and basis discussions with the management of the Company, for the purpose of determining the fair value, we have considered the face value of equity shares of the Company as its fair value.

5. Conclusions

Based on the foregoing discussion including the fair value of equity share of the Company using the valuation approach and methods as referred in this report and the statutory requirement of issue of equity shares by the Company at a price not below the face value of such shares, we hereby determine and recommend the face value of equity shares of the Company which is INR 10/- (Indian Rupees Ten Only) as its fair value.

The summary of fair value of the equity shares of the Company under each of the methods considered as stated above along with the weight and the relative weighted average fair value is summarised as under::

No.	Particulars	Value per share (INR)	Weight
A	Market Approach	NA	-
B	Income Approach based on DCF Method	(51.52)	75%
C	Asset / Cost based approach	(84.24)	25%



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

I.	Relative Valuer per Equity Share	(59.70)	
II.	Relative Valuer per equity share considered for determining fair value viz. equal to face value of the equity share of the Company	10	

We hereby enclose the following valuation workings as reference:

1. **Annexure 1:** Calculation of business value as per Discounted Free Cash Flow Method (DCF) along with working of Weighted Average Cost of Capital (WACC).
 2. **Annexure 2:** Calculation of Replacement Value under Asset Method.
6. **Caveats, limitations and disclaimers**
- i. **Restriction on use of Valuation Report**

This valuation report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. We do not take any responsibility for the unauthorized use of this report. 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. Further our report is in accordance with ICAI Valuation Standards 2018.

ii. **Our Responsibility**

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

The decision to carry out the transaction (including consideration thereof) lies entirely with the Management/the Board of Directors and our work and our finding shall not constitute a recommendation as to whether or not the Management/the Board of Directors should carry out the transaction.

Declaration of independence



425, Lotus Elite, Besides OSIA Hypermarket, Gotri Sevasi Road, Vadodara - 390021

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

We are independent of the Company and have no current or expected interest in the Company or their assets. The fee paid for our services in no way influenced the results of our analysis.

iv. Accuracy of Information

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients' existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf the client. Our report is subject to the scope and limitations detailed herein. 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.

v. Achievability of the forecast results

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

vi. Post Valuation Date Events

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

vii. Range of Value Estimate

The valuation of Company and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range. Whilst we consider our recommendation of the fair value to be both reasonable and defensible based on the information available to us, others may place a different value on the Company.



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

viii. **Reliance on the representations of the clients, their management and other third parties**

The Company and their management warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles and any other investments in tangible assets except as specifically stated to the contrary in the report.

We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Company, their directors, employee or agents. The Management has represented that the Company has clear and valid title of assets. No investigation on the Company' 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.

ix. **No procedure performed to corroborate information taken from reliable external sources**

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we 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.

x. **Compliance with relevant laws**

The report assumes that the client complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, as unless specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the Financial Statements and other information provided to us. Our report is not, nor should it be construed as we are opining or certifying the compliance of the proposed transaction with the provisions of any law including Company, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad.



MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

xi. Multiple factors affecting the Valuation Report

The valuation report is tempered by the exercise of judicious discretion by us as valuer, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Financial Statements but could strongly influence the value of the Company.

xii. Subsequent events

Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof and thus effects of subsequent events are not generally factored in the valuation exercise.

xiii. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report

We are fully aware that based on the opinion of value expressed in this report, we 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 our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority under the applicable laws.

xiv. Information provided with respect to valuation

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/on behalf of the Company.

We do not make any representation or warranty, express or implied, as to accuracy, reasonableness or completeness of the information, based on which the valuation is carried out.



Royal Cushion Vinyl Products Limited

Annexure 1 : Calculation of Business Value as per Discounted Free Cash Flow Method

(INR in Lakhs)

Free Cash Flow Statement	1-Aug-2023 to 31-Mar-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Earnings before depreciation, Interest & Taxes (EBDITA) (excluding other income)	(531.44)	(445.09)	224.16	834.86	1,322.52
Less: Cash Taxes	-	-	-	-	-
Operating profits less adjusted taxes	(531.44)	(445.09)	224.16	834.86	1,322.52
Less: Capital Expenditure	(10.00)	-	-	(480.00)	
Less: Incremental Working Capital	(67.87)	(130.10)	82.75	(160.98)	(113.01)
Free Cash Flow for the Firm (FCFF) for the year	(609.31)	(575.19)	306.91	193.88	1,209.51
Discounting Period	0.67	1.67	2.67	3.67	4.67
Discounting Factor based on WACC (working enclosed)	0.91	0.80	0.70	0.61	0.53
Cash Flow after Discounting	(556.72)	(458.99)	213.89	118.01	642.97
Discounting Factor (WACC)		14.50%			
Perpetuity Growth Rate		5%			

Calculation for Value of Equity Shares	INR in Lakhs
Calculation of Terminal Value	
Earnings before depreciation, Interest & Taxes (EBDITA)	1,388.65
Less: Cash Taxes	245.74
Operating profits less adjusted taxes	1,142.90
Less: Incremental Capex	(100.00)
Less: Incremental Working Capital	(118.66)
Net Cashflow for perpetuity	924.24
Capitalised Value of Perpetuity before discounting	
Capitalised at Weighted cost of Capital minus Growth for perpetuity before discounting	9,729.36
Discounting Factor	0.53
Present Value for Perpetuity (A)	5,172.11
Add: Present Value of FCFF growth period (FY24E-28E)	(40.84)
Enterprise Value (C)= (A)+(B)	5,131.27
Add: Surplus Cash and Cash Equivalent as on 31 Jul 2023	-
Less: Debt as on 31 Jul 2023	11,347.82
Less: Expected Tax & Litigation payout	-
Value for Equity (D)	(6,216.55)
Less: Illiquidity Discount	0%
Net Value for Equity	(6,216.55)
No. of Equity Shares (Lakhs)	120.67
Value per Equity Share (Rs.)(FV. RS.10/-)	(51.52)



Computation of Weighted Average Cost of capital (WACC)

Particulars	Variable	Source of Information
10 Yr. GoI Bond Rate as on 25-09-2023	7.15%	https://countryeconomy.com/bonds/india?dr=2022-10
Risk Premium Rate as on 25-Sep-2023	8.33%	https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html
Beta of the company(B)	1.50	Given the long unfavourable operating history of the Company with negative earnings, any investor would expect higher returns than market returns (represented by market risk premium) and thus Beta of 1.5 has been considered to factor such high risk profile and resultant expected high returns than overall market return
Computation of Cost of Equity		
$K_e = R_f + (\text{Risk Premium}) * B$	19.65%	
Cost of Equity(K_e)	19.65%	
Weight of Equity	0.50	Basis normalised debt-equity ratio
Cost of Debt(Before Tax)	12.50%	Average total borrowing cost at which the Company could reasonably be able to avail the debt
Tax Rate	25.17%	Applicable tax rate as per new tax regime
Cost of Debt(K_d)(After Tax)	9.35%	
Weight of Debt(K_d)	0.50	Basis normalised debt-equity ratio
Computation of Weighted Average Cost of capital (WACC)	14.50%	
Terminal Growth Rate	5.00%	Based on long term GDP growth prospects of India and historic performance of the Company
$WACC = K_d * W_d + K_e * W_e$	14.50%	



Royal Cushion Vinyl Products Limited

Annexure 2: Replacement Value under Asset Method

(Amount in INR Lakhs)

Sr. No.	Particulars	Book Value (as on 31-07-23)	Fair Value (as on 31-07-23)
I.	Non-Current Assets		
A)	Fixed Assets		
	Tangible Assets	1,084.52	7,081.48
	Intangible Assets	-	-
B)	Capital Work-in-Progress	0.00	0.00
C)	Right of use Asset	147.03	147.03
D)	Non- Current Assets- Investments Property	19.51	1,711.00
E)	Financial Assets - Investment and Other	88.10	88.10
	Total Non-Current Assets	1,339.16	9,027.61
II.	Net Working Capital		
A)	Current Assets Loans and Advances		
a	Inventories	530.07	530.07
b	Trade receivables	168.37	168.37
c	Cash and cash equivalents	75.77	75.77
d	Other Current assets	699.35	699.35
	Total (a) to (d)	1,473.56	1,473.56
B)	Current Liabilities and Provisions		
a	Trade payables	3,917.04	3,917.04
b	Other current liabilities & provisions	1,092.15	1,092.15
c	Short -term borrowings	245.77	245.77
d	Short -term Lease Liability	24.08	24.08
	Total (a) to (d)	5,279.04	5,279.04
	Net Working Capital	(3,805.48)	(3,805.48)
III.	Non-Current Liabilities		
a	Long Term borrowings (<u>Refer Note 2 below</u>)	9,357.76	9,357.76
b	Long Term Lease Liability	142.87	142.87
c	Long Term Provisions	5,886.65	5,886.65
	Total (a) to (c)	15,387.28	15,387.28
	Net Asset Value (I+II-III)	(17,853.60)	(10,165.15)
	Reconciliation		
a	Share capital	1,206.72	1,206.72
b	Reserves and surplus	(19,060.31)	(19,060.31)
c	Incremental Fair value of immovable properties	-	7,688.45
	Shareholders' Funds	(17,853.59)	(10,165.14)
	No of Shares (In Lakh)	120.67	120.67
	Value Per Equity Share For Face Value of Rs. 10/- Per Share	(147.95)	(84.24)

Note 1: The book values as on July 31, 2023 has been derived from the provisional unaudited financials of RCVPL for the four (4) months period ended on July 31, 2023.

Note 2: The amount of outstanding Long Term Borrowings as on July 31, 2023 is after considering the write-back effect in relation to the full and final settlement of dues in respect of the loan accounts of the Company with Finquest Financial Solutions Private Limited ("FFSPL"), a non-banking financial company. We have been informed that the Company has made a full and final payment of INR 3.60 Crores ("Settlement Amount") towards settlement of all outstanding dues and accordingly, completed the full payment of the entire Settlement Amount during July 2023 and the balance outstanding amount is written back in the books of the Company.

