

**VALUATION REPORT
CANDOUR TECHTEX LIMITED
As on December 06, 2024**

**Ms. Sayali Deshkar
Chartered Accountant
Membership Number 132663
Registered Valuer - (Securities or Financial Assets)
Reg. No. IBBI/RV/07/2019/12246**

SAYALI DESHKAR

Chartered Accountant & Registered Valuer (IBBI)

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Date: 10th December 2024

To,
The Board of Directors
Candour Techtex Limited
108/109 T. V. Industrial Estate, 52, S.K. Ahire Marg,
Worli, Worli Colony, Mumbai, Maharashtra, India, 400030

Dear Sirs,

Reference: Recommendation of Fair Value of equity shares.

This is with reference to the engagement letter dated 9th December 2024 and discussions held wherein Ms. Sayali Deshkar (referred to as 'Valuer' or 'we' or 'us') have been given to understand that the Management of Candour Techtex Limited (hereinafter referred to as the 'Client'/'Company') is contemplating to issue equity shares and/or convertible securities on a preferential allotment basis.

For this purpose, a business valuation exercise needs to be carried out pursuant to the requirements of Section 42 and 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

In accordance with Regulation 166A of the SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) Regulations, any preferential issue, which may result in a change in control or allotment of more than 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 for determining the price.

In connection with the above, the management of the Company has requested us to render professional services by way of recommendation of fair value of the Equity shares for compliance with these requirements in our capacity as a Registered Valuer.

The Valuation Date as informed to us by the Company for computation of fair value of the Equity shares is 6th December 2024.

As requested we have carried out a valuation of the business of the Company as at the Valuation Date with a view to recommend the fair value of the Equity shares.

Based on the valuation methodology and approaches mentioned in the report, in our view the **fair value per equity share of the Company is INR 16.52/- as on the valuation date.**

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We are pleased to present herewith our report on the same.

Yours Truly,

Ms. Sayali Deshkar

Chartered Accountant

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VALUATION REPORT

1. BACKGROUND

CANDOUR TECHTEX LIMITED (hereinafter referred as 'the client' or 'the Company') is a Public Limited Company incorporated under the Companies Act, 1956 having CIN Number L25209MH1986PLC040119 and its registered office is at Mumbai, Maharashtra, India. The Company has been incorporated on 17th June 1986.

The Company is listed on two recognized Stock Exchanges in India (BSE & MSEI).

The Company is dealing in diversified business activities, primarily in manufacturing and trading of textiles, plastics and other items.

The Company has diversified into manufacturing of specialised yarns, velvet fabrics and light home furnishings, Technical Textiles with forward and backward integration.

The authorised share capital of the Company as on the date of valuation is INR 20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 Equity Shares of face value INR 10/- each.

The paid-up capital of the company is INR 16,93,72,630 (Rupees Sixteen Crore Ninety Three Lakh Seventy Two Thousand Six Hundred Thirty Only) divided into 1,69,37,263 Equity Shares of face value INR 10/- each.

The details of the Board of Directors and Key Managerial Persons as on date is given below:

DIN/DPIN/PAN	Name	Designation	Date of Appointment
00193029	Jayesh Ramniklal Mehta	Managing Director	17/06/1986
00193075	Amita Jayesh Mehta	Director	17/06/1986
****3622F	Shailesh Pandurang Sankav	CFO	01/02/2015
06770401	Sharmila Hiralal Amin	Director	14/08/2020
07663806	Mansi Dave	Director	19/01/2022
10765301	Jayesh Kanaiyalal Bhanushali	Director	03/09/2024
01835112	Zareer Dinshaw Colabavala	Director	03/09/2024
****6806J	Shital Suresh Gurav	Company Secretary	22/05/2024

I, Sayali Nikhil Deshkar, am a registered valuer, registered with the Insolvency Bankruptcy Board of India (IBBI) under the Asset Class - Securities or Financial Assets vide registration number IBBI/RV/07/2019/12246 and an Associate Chartered Accountant having membership number 132663 holding a Certificate of Practice from the Institute of Chartered Accountants of India.

2. PURPOSE OF VALUATION

Based on the discussions held with the management we understand that the Company is contemplating to issue equity shares and/or convertible securities on a preferential allotment basis in terms of Section 42 and 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

In accordance with Regulation 166A of the SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) Regulations, any preferential issue, which may result in a change in control or allotment of more than 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 for determining the price.

A valuation report is required from a Registered Valuer in order to comply with the provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 166A of the SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) Regulations.

In connection with the above, the management of the Company has requested us to render professional services by way of recommendation of fair value of the Equity shares for the proposed transaction in our capacity as a Registered Valuer. We have been engaged to conduct an independent valuation of the business of the Company on “as is where is”, “going concern basis” with a view to recommend the fair value of the Equity shares of the Company for this purpose.

3. ASSUMPTIONS

The valuation report provided by us is aimed to arrive at an indicative value analysis of the Client depending on various factors specific to the Company such as historically reported financial performance, financial projections, future business outlook, value of assets, the valuation methodology used, the various assumptions etc. and it is a subjective exercise. The opinion of value given in this report is based on information provided by the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied on the representations contained in the public domain and other documents in our possession concerning the value and useful conditions of all investments in securities or partnership interests, and other assets or liabilities except as specifically stated to the contrary in this report.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market or the industry. This report presumes that the management of the Company will maintain the character

and integrity of the Company through any sale, re-organisation or reduction of any owner's participation in the existing activities of the Company.

We have been informed by the management that there are no environmental problems, any significant law suits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in the report. We have assumed that no costs or expenses will be incurred in connection with such liabilities except as explicitly stated in this report. This report is issued on the understanding that the Client has drawn our attention to all the matters, which they are aware of, concerning the financial position of the Company and any other matters, which may have an impact on the indicative valuation exercise. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation, is not required to give testimony nor is to be in attendance in court or any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

We have been provided with adequate information and sufficient time to carry out the valuation exercise.

A draft of this report was shared with the Management for confirmation of facts and other inputs provided by the Management. The draft report has been duly confirmed by them for the facts etc.

The fee for the preparation of this report is not contingent to or dependent on the reported value of the shares of the company. We acknowledge that we do not have any present or contemplated financial interest in the Company.

The information contained herein and our report is absolutely confidential. It is intended only for the sole use and the proposed requirement of the company as described in the terms of reference.

4. LIMITATIONS

Our work does not constitute an audit in accordance with the generally accepted auditing standards or an examination of internal controls or other attestation or review services. Accordingly we are unable to and do not express an opinion or any form of assurance on the financial projections or any financial or other information or any operational data and internal controls of the company. No responsibility is assumed for matters of a legal nature. We were not required to carry out a legal due diligence review.

The reader of this report should be aware that business valuation which is based on future earning potential that may or may not materialize. Any financial projection e.g. projected Balance Sheet, projected Profit and loss account, projected cash flow statement as presented in this report is included solely to assist in the development of the value conclusion. The actual results may vary from the projections given and the variations may be material which may change the overall value.

Valuation analysis and result are specific to the purpose of valuation and the valuation date that is agreed with us. 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 valuation arrived at in this report is based on the methodology outlined and assumptions listed. It is not representative of market value which may be realized, as market value is dependent on capital market conditions, industry forecasts, enterprise value and several other factors.

This report is only to be used in its entirety and for the purpose stated in the report. No third party should rely on the information or data contained in this report without the advice of a Business Expert, Registered Valuer, Accountant or Legal Advisor.

5. SOURCES OF INFORMATION

- Limited Reviewed Unaudited Standalone Financial Statements of the Company as on 30th September 2024.
- Audited Financial Statements of the Company for the financial year ended 31st March 2024, 31st March 2023 and 31st March 2022.
- Memorandum and Articles of Association of the Company.
- Other relevant documents and information as furnished by the Company in accordance with the Management Representation Letter dated 10th December 2024.
- Discussions with the executives and management of the Company and the information available in the public domain.
- We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives and the management of the company.

6. VALUATION DATE

The analysis of the fair value of the Equity shares has been carried out as on 6th December 2024.

7. VALUATION STANDARDS

The report has been prepared in compliance with applicable valuation guidelines issued by SEBI, International Valuation Standards issued by the International Valuation Standards Board and more specifically in terms of International Valuation Standard 500, Financial Instruments ('IVS 500') and

other Relevant standards i.e. Indian Accounting Standard (IND AS) 102, Share Based Payment, IND AS 103, Financial Instruments, IND AS 113, Fair Value Measurement and other applicable valuation norms.

8. VALUATION METHODOLOGY

The standard of value used in the analysis is 'Fair Value' which is defined as 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 measurement date. Valuation of business is not an exact science and ultimately depends upon what is worth to a serious investor or buyer who may be prepared to pay substantial goodwill.

There are various approaches which may be used for valuation of a business:

- The Cost or Asset Approach
- The Income Approach
- The Market Approach

In performing a valuation exercise, the valuer should consider all three approaches and select the most appropriate approach. The selection would involve consideration of various factors such as the history, nature, stage of the development of the company, the nature of its assets and liabilities, its capital structure and also the availability of reliable, comparable and verifiable data that will be required to perform the analysis.

Cost or Asset Approach – Book Value Method

The value arrived at under this approach may be defined as Shareholders' Funds or Net Assets owned by the business. It is calculated by deriving at Shareholders' Funds by reducing external Liabilities from the Assets. The asset-based approach derives an indication of value based on anticipated cost to replace, replicate, or recreate the assets. It is often considered as "Floor Value". In this approach, the balance sheet values can be adjusted for any contingent liabilities that can be likely to materialise. This approach shows how much value Equity holders hold in the books of the company.

We have based our calculations on the Limited Reviewed Standalone Unaudited Financial Statements of the Company as on 30th September 2024, Audited Financial Statements of the Company for the financial year 31st March 2024, 31st March 2023 and 31st March 2022. We have arrived at the fair value by assigning appropriate weights to the Net Asset Value derives at each of the above dates .(Refer Annexure 'A')

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The value per Equity Share of the company as per Net Assets Value Method is as follows:

Valuation Date	Weights	Equity Valuation (INR Lakh)	Number of Shares	Value per Share (INR)	Weighted Valuation (INR)
30 th Sep 2024	2	2,876.36	1,69,37,263	16.98	33.96
31 st Mar 2024	2	2,762.99	1,69,37,263	16.31	32.63
31 st Mar 2023	1	2,868.34	1,69,37,263	16.94	16.94
31 st Mar 2022	1	2,639.08	1,69,37,263	15.58	15.58
	6				99.11
Weighted Average NAV (Weighted Valuation / Weights)					16.52

Income Approach – Discounted Cash Flow (DCF) Method

The Discounted Free Cash Flows (DCF) Method focuses on the free cash flows that the company can generate over a period of time. The underlying assumption is that the value of a business can be measured by the present worth of the net cash benefit (being cash inflows less cash outflows) to be received over the period of forecast. The DCF has its foundation in the present value ('PV') rule where the value of any asset is the PV of the expected future cash flows.

Based on discussions with the management, adequate data with regard to reliable future projections and cash flows was not available and hence we have not used this method for valuation.

Market Approach

Market Price Method

This is the most preferred rate method of valuation since it provides the actual transactional data between market participants.

Price of equity shares as per Regulation 164(1) of SEBI (ICDR) Regulations.

The price of the equity shares of the Company as per above stated regulation is determined as explained in below table:

Particulars	Analysis
Relevant Date	6 th December 2024
Stock Exchange	As per explanation to Regulation 164 of SEBI (ICDR) Regulations, 2018, Stock exchange means any of the recognized stock exchanges in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90

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	trading days prior to the relevant date. Bombay Stock Exchange of India Limited (BSE) is considered as Stock Exchange as it has highest trading volume recorded during the preceding 90 trading days prior to the relevant date in respect of equity shares of the Company.
Frequently traded Shares	Regulation 164(5) of SEBI (ICDR) Regulations defines frequently traded shares as the shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer. Basis our analysis, the traded turnover of the shares of the Company on BSE during the 240 trading days preceding the relevant date is exceeding 10% of its total number of shares and hence shares of the Company can be said to be frequently traded
Pricing of frequently traded shares	As per Regulation 164(1) of the SEBI (ICDR) regulations, since the equity shares of the Company have been listed on a recognized stock exchange for a period of more than 90 trading days as on the relevant date and are frequently traded on BSE, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:
	A) 90 trading days VWAP of the related equity shares quoted on the BSE preceding the relevant date (Value per share is ₹ 66.61 /-)*; or
	B) 10 trading days VWAP of the related equity shares quoted on BSE preceding the relevant date (Value per share is ₹ 83.65 /-)*

* Source <https://www.bseindia.com>.

Sr. No.	Period	VWAP
		(INR)
1	90 Days Volume Weighted Average	66.61
2	10 Days Volume Weighted Average	83.65
	Higher of above	83.65

Accordingly, the price per equity share of the Company as per Regulation 164(1) of SEBI (ICDR) Regulation is higher of 1 or 2 above, that is INR 83.65 per share.

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9. OPINION

On the basis of the Net Assets Approach of valuation, in our assessment, the fair value per equity share is **INR 16.52/-**. (Rupees Sixteen and Paise Fifty Two) as on valuation date.

On the basis of the Market Price Approach of valuation and in terms of the methodology specified as per Regulation 164(1) of SEBI (ICDR) Regulations, in our assessment, the price per equity share of the Company is **INR 83.65/-** as on the valuation date.

CA Sayali Deshkar

Registered Valuer - (Securities or Financial Assets)

Reg. No. IBBI/RV/07/2019/12246

ICAI Membership Number 132663

Date: 10th December 2024

UDIN: 24132663BKCWUV4572

ANNEXURE A**CALCULATION OF FAIR VALUE OF EQUITY SHARES BASED ON THE NET ASSETS METHOD****Amounts in INR Lakh (Unless specified)**

Particulars	31-03-2022	31-03-2023	31-03-2024	30-09-2024
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	883.61	880.22	4,568.07	4,378.88
Capital work in progress	7.55	2,536.44	12.66	113.63
Investment Properties	24.61	-	-	
Intangible Assets	0.09	0.04	2.10	1.78
ROU Assets	644.28	566.03	525.85	485.04
Financial Assets				
Investments	73.91	76.97	36.55	41.31
Other Financial Assets	246.69	44.98	366.61	1,031.95
Deferred Tax Assets	-	5.74	51.24	23.39
Other Non-current Assets	326.14	85.69	117.62	58.01
Income Tax Assets	15.46	21.77	45.79	45.54
Current Assets				
Inventories	113.73	182.45	377.46	361.73
Financial Assets				
Trade Receivables	179.65	215.96	273.59	591.63
Cash and Cash Equivalents	163.40	411.07	32.05	160.93
Bank balances other than above	1,029.47	507.61	651.67	20.13
Other Financial Assets	18.05	4.82	30.19	54.73
Other Current Assets	174.63	286.00	280.23	430.81
Total Assets	3,901.28	5,825.77	7,371.71	7,799.49
LIABILITIES				
Non-current Liabilities				
Financial Liabilities				
Borrowings	210.02	1,204.91	2,514.14	2,254.23
Lease Liabilities	428.71	367.57	310.44	288.82
Other Financial Liabilities		3.15	3.37	3.49
Deferred Tax Liabilities	35.20	-	-	-
Provisions	-	3.39	3.82	4.03

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Current Liabilities				
Financial Liabilities				
Short term borrowings	128.41	517.47	949.95	882.11
Lease liabilities	48.50	57.31	66.54	52.61
Trade Payables	300.27	270.64	375.92	991.92
Other Financial Liabilities	73.28	472.08	265.53	270.52
Other Current Liabilities	37.16	36.28	119.02	161.91
Current Tax Liabilities	0.64	24.63	-	13.51
Total Liabilities	1,262.20	2,957.43	4,608.72	4,923.15
Net Assets	2,639.08	2,868.34	2,762.99	2,876.34
Fictitious Assets (Miscellaneous Expenses)	-	-	-	-
Net Assets Value	2,639.08	2,868.34	2,762.99	2,876.34
Number of Equity shares (Actual Number)	1,69,37,263	1,69,37,263	1,69,37,263	1,69,37,263
NAV Per share (INR)	15.58	16.94	16.31	16.98