CA. MOHIT SAGAR

B.com, FCA, DISA(ICAI)
Registered Valuer (S&FA)
Regn No: IBBI/RV/06/2019/11717

45-Sant Nagar,Civil Lines,
Ludhiana-141001. Punjab
Ph: 161-4567995, 9888084545

ANNEXURE V

Certificate to be submitted by the Statutory Auditor/ Practicing Chartered Accountant/ Practicing Company Secretary.

To,
The Chief General Manager
Listing Operation,
BSE Limited,
20th Floor, P.J.Towers,
Dalal Street,
Mumbai – 400 001.

Dear Sir,

Sub: Application for "In-principle approval" prior to issue and allotment of 3,50,000 convertible warrants on preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

1. I, CA Mohit Sagar, Practicing Chartered Accountant hereby certify that the minimum issue price for the proposed preferential issue of **SHREE PACETRONIX LIMITED**, based on the pricing formula prescribed under Regulation 164 / 165 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 has been worked out at ₹ 18.19 per share.

   The relevant date for the purpose of said minimum issue price was 15th July, 2022.

2. We hereby certify that the Articles of Association of the issuer does not provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018.

   OR

   ~~We hereby certify that the Articles of Association of the issuer provides for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018 then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue. Accordingly, we have calculated the floor price which worked out as Rs. ______.~~

3. The workings for arriving at such minimum issue price have been attached herewith.

Mohit Sagar

CA Mohit Sagar
Membership No.:099950
Date: 07/09/2022

ADVISORY REPORT ON
VALUATION OF SHREE PACETRONIX LIMITED
AS ON JUNE 15, 2022

JUNE 28, 2022

Prepared by:
CA Mohit Sagar
Registered Valuer

June 28, 2022

To
Board of Directors,
Shree Pacetronix Limited
93, Industrial Area A,
Ludhiana, Punjab 141003

Respected Sir,

In accordance with our engagement letter dated June 20, 2022, we have prepared a valuation report to express our opinion on the fair value of the equity shares of Shree Pacetronix Ltd. (hereinafter, "SHREEPAC" or the "Company") as on June 15, 2022 (the "Valuation Date"). Our valuation is to be used for the purpose of complying with the valuation requirements under various statutes, i.e. The Income Tax Act, 1961, The Companies Act, 2013 and The SEBI (ICDR) Regulation, 2018, with respect to issue of securities including equity shares/preference shares/convertible securities.

The term "Fair Value" is defined by *ICAI Valuation Standard 102 – Valuation Basis* 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 valuation date.*"

Our analysis and report are in conformity with the "ICAI Valuation Standards" (IVS) issued by the Institute of Chartered Accountants of India. In addition to the general standards/ guidelines of the IVS, our report specifically complies with *ICAI Valuation Standard 102 - Valuation Bases, ICAI Valuation Standard 103 – Valuation Approaches and Methods, ICAI Valuation Standard 201 - Scope of Work, Analyses and Evaluation, ICAI Valuation Standard 202 - Reporting and Documentation* and *ICAI Valuation Standard 301 - Business Valuation.*

In rendering the aforementioned advisory services, we reviewed and relied upon various materials/ information provided by the management of the Company (the "Management"). Our report is based on the historical and projected financial information provided to us by the Management. Because of the limited purpose of this report, the financial information presented in this report may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled the financial information provided by the Management and express no assurance on it. Had we audited or reviewed the financial information, matters may have come to our attention that could have resulted in our use of the amounts that differ from those provided. Accordingly, we take no responsibility for the underlying data presented in this report.

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Based on our study and analytical review procedures, and subject to the limitations expressed within this report, our opinion of the fair value of equity shares of Shree Pacetronix Limited on a going-concern basis, for the purpose of complying with the valuation requirements under various statutes, i.e. The Income Tax Act, 1961, The Companies Act, 2013 and The SEBI (ICDR) Regulation, 2018, with respect to issue of securities including equity shares/preference shares/convertible securities, as on June 15, 2022 is:

Total Equity Value of Shree Pacetronix Limited

Rupees Six Hundred Fifty Four Lakhs and Ninety One Thousand (Rounded)

INR 654.91 Lakhs

One Equity Share of Shree Pacetronix Limited

Rupees Eighteen and Nineteen Paise

INR 18.19 per share

We have no present or contemplated financial interest in SHREEPAC. Our fees for this valuation are based upon our normal billing rates and are in no way contingent upon the results of our findings. We have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report. This report is not to be copied or made available to any persons without the express written consent of CA Mohit Sagar.

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Mohit Sagar

CA. Mohit Sagar

ICAI Membership Number: 099950
IBBI Reg No.: IBBI/RV/06/2019/11717

Date: June 28, 2022
Place: Ludhiana
UDIN: 22099950AOTFYR3831

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I. INTRODUCTION

A. Purpose of Valuation

The purpose of this advisory report is to express an opinion on the fair value of the equity shares of the Company as on June 15, 2022 to comply with the valuation requirements under various statutes with respect to issue of securities including equity shares/preference shares/convertible securities.

We understand that the Management of the Company is proposing to issue certain number of Convertible Securities. As a result, the fair value of the equity shares of the Company is required to comply with the valuation requirements under various statutes, including The Income Tax Act, 1961, The Companies Act, 2013 and The SEBI (ICDR) Regulation, 2018, with respect to issue of securities including equity shares/preference shares/convertible securities.

B. Standard Compliance and Valuation Basis

Our analysis and report are in conformity with the "ICAI Valuation Standards" (IVS) issued by the Institute of Chartered Accountants of India. In addition to the general standards/ guidelines of the VS, our report specifically complies 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).*

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 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.*"

IVS 102 further defines 'Market participants' as "*willing buyers and willing sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics:*

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(a) they are independent of each other, that is, they are not related parties as defined under applicable accounting framework and set of reporting/ accounting standards therein, although the price in a related party transaction may be used as an input to a fair value measurement if the entity has evidence that the transaction was entered into at market terms;

(b) they are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information, including information that might be obtained through due care that is usual and customary;

(c) they are able to enter into a transaction for the asset or liability; and

(d) they are willing to enter into a transaction for the asset or liability, i.e., they are motivated but not forced or otherwise compelled to do so."

In the absence of a real buyer and seller, or the lack of stated intention by the holder to sell, assumptions must be employed in the determination of value. 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 date of this valuation, June 15, 2022

This valuation was performed on the premise that the Company will continue to operate as a going concern. *IVS 102* defines 'going concern value' as *"the value of a business enterprise that is expected to continue to operate in the future."*

C. Approach to Valuation

Our opinion is based on, among other things, our estimate of the risks facing the Company and the return on investment that would be required on alternative investments with similar levels of risk.

In order to value the Company, we considered three approaches to valuation, as provided under the *IVS 103 – Valuation Approaches and Methods*: the market approach, the income approach and the asset approach. We have reviewed and analyzed several methods and their results to determine which methods would generate the most reasonable opinion of value of the Company's operations as on the valuation. After careful consideration of each method's underlying assumptions and variables that were utilized, we concluded that the asset approach, utilizing the Adjusted Book Value method would provide the most appropriate indication of the fair value of the Company. A description of this method and the methods considered but not used are included within this report.

Both internal and external factors, which influence the value of the Company have been reviewed, analyzed, and interpreted. Internal factors included the Company's financial position and results of operations. External factors included, among other things, the status of the economy and the position of the Company relative to the industry.

D. Scope of Information

Our expression of the opinion on the fair value of the Company is supported by all procedures that we deem to be relevant. We have obtained sufficient information in accordance with *IVS 201 - 'Scope of Work, Analyses and Evaluation'*, and relied on the data, facts, information, documents, and explanations as authenticated, and provided to us by the Management. The scope of this valuation included a review of the Company's historical audited financial statements, other financial and non-financial data. Our opinion was based on the information listed below.

i. Financial statements of the Company for the years ended March 31, 2020 through March 31, 2022.
ii. The shareholding pattern of the Company as on June 15, 2022.
iii. Data extracted from publicly available sources believed to be reliable and true, such as '*www.bseindia.com*'.
iv. Discussions with the Management, and other quantitative and qualitative data.

Supporting data, copies of source documents and other pertinent information supporting our opinion of value are maintained in our files.

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Among other factors, this valuation considers relevant non-financial information as listed in the *IVS 201 - Scope of Work, Analyses and Evaluation*, which includes the following:

- The nature, background, and history of the business;
- Facilities;
- Organizational structure;
- Management team (which may include officers, directors, and key employees);
- Classes of equity ownership interests and rights attached thereto;
- Products or services, or both;
- Prior transactions involving the subject business, or involving interests in, the securities of, or intangible assets in the subject business;
- Economic environment;
- Geographical markets;
- Industry markets;
- Key customers and suppliers;
- Competition;
- Business risks;
- Future outlook for the business;
- Strategy and future plans;
- Governmental or regulatory environment

E. Limitation of Verification

Our valuation report and analysis are subject to the assumptions and limiting conditions as mentioned in Appendix A of the report.

The relevant information for the purpose of this valuation has been provided by the Management. We do not make any representations or warranty, express or implied, regarding the achievability/ accuracy of the forecasts and accuracy/ completeness of such other information as provided by the Management. As part of our evaluation process, we have evaluated the reasonableness of the projections prepared by the Management and had detailed round of discussions with the Management to understand the basis and assumptions for the preparation of the projections. The future projections have been benchmarked with the historical performance of the Company and current industry dynamics. The relevant information and support documents provided by the Management in relation to the projections have not been independently verified by us with any third party or any other sources and are believed to be true and reliable. The information contained herein is based on the analysis of information available at the time when this report was prepared.

This Report highlights the basis of the arriving at the value of the equity shares of the Company, identifies various factors affecting the valuation, summarizes the best valuation methodology keeping in view the circumstances prevailing at the time of valuation and arrives at the opinion on the value of the equity shares of the Company, considering the facts of the case. However, it may be noted that valuation is a highly subjective exercise and may differ from valuer to valuer depending upon the perception of attendant circumstances. At best it is an expression of opinion or a recommendation based on certain assumptions at a given point in time.

Unless stated otherwise, industry and market data used in this report have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability is not assured. Industry data used in the Report has not been independently verified. The information included in the Report about other listed and unlisted companies is based on their respective annual reports and their respective publicly available information.

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II. COMPANY OVERVIEW

Profile of the Company

The Company is engaged in manufacturing of pacemakers. The Company is one among the Corporates which is operating in global market for Pacemaker. Pacemakers are medical devices that are used to impart electrical pulses to the heart, so as to ensure normal heart rate. Pacemakers are used to treat patients who are suffering from heart conditions, such as heart failure and arrhythmias. These devices are implanted under patient's chest by cardiologist to deal with various indications and used for the treatment of heart medical complications/conditions. The cardiac pacemaker market is being aided by the growing pacemaker market, which reached a volume of about 1.27 million units in 2020. The pacemaker industry is further expected to grow at a CAGR of 2% in the forecast period of 2022-2027 to reach a volume of approximately 1.44 million units by 2026.
Cardiac Pacemaker Market in India is expected to grow at a healthy rate as people are becoming more aware and cardiac pacemakers are also becoming more user friendly with added features. Also, cardiac pacemakers have become more affordable helping the market to grow even further. The Pacemaker market is driven by the factors, such as the increase in the prevalence of heart disease, changing demographics i.e. as more people reach close to sixty years of age they are likely to develop some heart complications thus increasing the demand for cardiac pacemakers, technological developments in pacemakers that minimize the chances of heart failure, and improved efficiency of devices. Additionally, assistance from government bodies, favorable reimbursement, increased government expenditure for research and development, is expected to enhance the market potential in several countries. Therefore, such initiatives from the government are expected to help the market and the patients in their treatment which will drive the Pacemakers market growth also. Further, compared to other western countries penetration of cardiac pacemaker is less in India-hence, providing ample opportunities for growth for the manufacturers. The Government of India allocated Rs. 86,200 crores (US$ 11.3 billion) as a budget for the pharmaceutical and healthcare sector under the Union Budget 2022-2023. 'Atma Nirbhar' Bharat mission is providing an impetus to India's vision of becoming a global manufacturing hub for medical devices. Recent initiatives for instance, The Production Linked Incentive Scheme (PLI) and Promotion of Medical Devices Parks Scheme are a testimony to this.

Risks associated with pacemaker system implant include, but are not limited to, infection at the surgical site and/or sensitivity to the device material, failure to deliver on time due to various factors. Though it is not possible to completely eliminate various risks associated with the business of the Company, efforts are made to minimize the impact of such risks on the operations of the Company. The Company has put in place various internal controls for different activities so as to minimize the impact of various risks. The following broad categories of risks to the business objectives are:- 1. Political and Economic Risk The Company continuously evaluates the political and economic scenario across the globe. 2. Compliance Risks Medical Device industry is one of the most dynamic industries across the globe. Changes in regulations by leading regulatory bodies to ensure the quality of the products have compelled the medical device companies to modify their compliance practices. The Company is committed to compliance. 3. Operational Risks Inherent risks to business operations such as production capacities, quality assurance, customer demands, material availability, human safety and skilled manpower. Operational risks are assessed primarily in terms of process design and its effectiveness. 4. New product risk: New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure. In highly regulated business, the requirement to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed for an indication in a particular country, as well as to maintain and comply with licenses and other regulations relating to its manufacture and marketing, are particularly important.

The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval.

During the year 2021-22, the Company has generated operational revenue of Rs. 902.60 Lacs during the financial year against the revenue of Rs. 755.95 Lacs in the Previous Financial Year. The Company's has earned a profit of Rs. 65.20 Lacs as compared to profit of Rs. 18.35 Lacs in previous Financial Year. The overall performance of the Company in the current year is increased as compared to the performance of the Company in Previous Year. The Company is highly working on its commitments and growth. The Company's management is making regular efforts for improving operating efficiencies and increases its performance.

Management

Mr. Atul Kumar Sethi, aged about 60 years is Director of the Company since incorporation of the Company. He is serving in capacity of Managing Director of the Company and his tenure is expiring on 30th November, 2022 upon completion of 3 years of his appointment as Managing Director. Mr. Atul Kumar Sethi is having more than 23 years of experience in industries and is acquainted with thorough knowledge of business of manufacturing and selling of medical devices. He is Master of Business Administration (MBA) in marketing by qualification.

Mr. Akash Sethi is having more than 7 years of experience in industries and is acquainted with thorough knowledge of business and technicality of medical devices. He holds a Degree of Master of Science under the Department of Electrical and Computer Engineering from Carnegie Mellon University, USA by qualification. Mr. Akash Sethi is Joint Managing Director of the company. He is associated with the Company from 2018. Mr. Akash Sethi, Joint Managing Directors have proved to be an invaluable asset for the company.

Shareholding Pattern

Shares of the company are listed on Bombay Stock Exchange. The Shareholding pattern of the company as on June 15, 2022 is :

	No. of Equity Shares	%age
Promoters - Individual/HUF	8,72,756	24.25%
Others (Non-Institutional)	27,26,644	75.75%
Total	35,99,400	100.00%

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III. FINANCIAL STATEMENTS

A. Historical Financial Statements of the Company

The Company's balance sheet as at March 31, 2020 through March 31, 2022 are presented in the table below.

II ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	248.85	259.76	246.21
(b) Other Intangible Assets	5.47	5.00	4.94
(b) Financial Assets	88.36	89.70	94.70
(c.) Deffered Tax Assets	14.48	17.83	20.63
(d) Long-term loans and advances	0.00	0.00	0.00
	357.16	**372.29**	**366.48**
2 Current Assets			
(a) Inventories	199.74	195.51	166.16
(b) Trade Receivables	389.82	402.57	519.02
(c) Cash & Bank Balances	43.62	69.23	79.31
(d) Other Financial Assets	2.38	4.90	3.28
(e) Other Current Assets	41.24	24.99	70.71
	676.80	**697.20**	**838.48**
TOTAL ASSETS	**1,033.96**	**1,069.49**	**1,204.96**

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SHREE PACETRONIX LIMITED

Particulars	31.03.2020 (12M) Audited Amount (Rs)	31.03.2021 (12M) Audited Amount (Rs)	31.03.2022 (12M) Provisional Amount (Rs)
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	359.94	359.94	359.94
(b) Reserves and surplus	211.40	229.75	294.97
	571.34	**589.69**	**654.91**
2 Non-Current Liabilities			
(a) Financial Liabilities	29.38	55.18	59.77
	29.38	**55.18**	**59.77**
3 Current Liabilities			
(a) Short Term Borrowings	201.77	195.90	213.24
(b) Trade Payables	48.75	34.43	15.13
(c) Other Financial Liabilities	87.81	73.90	64.68
(d) Other current liabilities	47.13	68.84	150.74
(e) Short -term Provision	47.78	51.55	46.49
	433.24	**424.62**	**490.28**
TOTAL EQUITY & LIABILITIES	**1,033.96**	**1,069.49**	**1,204.96**

The Company's income statements for the years ended Mach 31, 2020 through March 31, 2022 are presented in the table below.

SHREE PACETRONIX LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	31.03.2020 Amount (Rs)	31.03.2021 Amount (Rs)	31.03.2022 Amount (Rs)
Revenue from Operations	876.04	755.95	902.60
% growth		-13.71%	19.40%
Purchases	336.04	262.97	312.12
Employee Benefit Expenses	204.79	198.60	232.13
Other expenses	210.80	183.32	198.37
PBITDA	**124.41**	**111.06**	**159.98**
% margin	14.20%	14.69%	17.72%
Depreciation And Amortization	50.67	50.95	49.75
PBIT	**73.74**	**60.11**	**110.23**
Interest & Other Financial Charges	36.30	33.88	28.44
PBT	**37.44**	**26.23**	**81.79**
Other Income	3.88	4.81	6.71
Tax Expense	13.78	12.68	23.28
PAT for the year from continuing operations	**27.54**	**18.36**	**65.22**

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IV. OPINION OF VALUE

A. Valuation Approaches and Methodologies

1. Valuation Approaches

A brief explanation of each valuation approach is provided below.

Income Approach

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

Market Approach

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

Cost (Asset-Based) Approach

The asset-based (net underlying assets) approach is a form of the cost approach. The values of the individual assets (i.e., current, fixed, and intangible) of the business are estimated. The sum of the individual asset values represents the total asset value of the enterprise. The enterprise's liabilities related to working capital are deducted to arrive at an indication of value for the invested capital of the business. Because the cost approach does not always reflect the full value of intangible assets, it is often not appropriate to value an operating business completely on the basis of this approach without giving weights to other valuation methods. Cost approach may be relevant to the value of an operating business that is not sufficiently profitable and whose "breakup" values may be greater than its going concern value.

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2. Valuation Methodologies

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. Diferent methodologies are adopted for the valuation of manufacturing, investment, consultancy and trading companies.

Though there are no thumb rules for valuation, the method to be adopted has to be appropriate to the particular purpose for which valuation is being done as well as the attendant circumstances of each case. For example, a manufacturing company is generally valued on the combination of asset value and the earning potential of the business. An investment company is valued on the basis of the fair market value of underlying assets.

However, the value is specific to the point in time and may change with the passage of time. The value is derived in the context of an existing environment that includes economic conditions, state of industry/market and state of business activities of companies being valued etc. as on the appointed date of valuation. The basis of valuation would depend upon the purpose of valuation, the type of business, the future prospects and other attendant circumstances.

<u>Discounted Cash Flow Method (DCF) – Income Approach</u>

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with an indefinite life. The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc. This method involves discounting of future cash flows expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value. The important inputs for the DCF method are (a) Cash flows; (b) Discount rate; and (c) Terminal value.

The following are the cash flows which are used for the projections:

(a) Free Cash Flows to Firm (FCFF): FCFF refers to cash flows that are available to all the providers of capital, i.e. equity shareholders, preference shareholders and lenders. Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund-raising are not considered in the calculation of FCFF.

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(b) Free Cash Flows to Equity (FCFE): FCFE refers to cash flows available to equity shareholders and therefore, cash flows after interest, dividend to preference shareholders, principal repayment and additional funds raised from lenders/preference shareholders are considered.

Appropriate Discount Rate - Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In discounting the FCFF the appropriate discount rate is the weighted average cost of capital, which results in the enterprise value of the Company. Whereas, in the case of FCFE the appropriate discount rate is the cost of equity, which results in the equity value of the Company.

Terminal value – It represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life. There are different methods for estimating the terminal value. The commonly used methods are:

(a) Gordon (Constant) Growth Model;
(b) Variable Growth Model;
(c) Exit Multiple; and

We have not been provided with detailed projections of the company. Hence, we have not considered the discounted cash flow method for the valuation exercise.

Market Price Method

This method involves determining the market price of an entity based on its traded price on stock exchange over a reasonable period of time.

Equity share of the company SHREEPAC are listed on Bombay Stock Exchange. However, these are infrequently traded. Hence we have considered the other parameters including book value and comparable company trading multiple for valuation exercise.

The average of the weekly high and low of the volume weighted average price during the two weeks preceeding the valuation date

Weeks	Date	Open Price	High Price	Low Price	Close Price	WAP	No.of Shares	Weekly High	Weekly Low	Average WH+WL	Weekly Volume	Weekly Turnover
Relevant Date	15 June 2022	18.45	19.45	17.85	19.45	17.87	260					
Week 1	15 June 2022	18.45	19.45	17.85	19.45	17.87	260	19.45	17.85	18.65	660	12309.00
Week 2	14 June 2022	18.50	18.55	18.50	18.55	18.54	400					
Week 2	10 June 2022	19.10	19.10	19.10	19.10	19.10	31					
Week 2	09 June 2022	20.10	20.10	20.10	20.10	20.10	10	21.15	19.10	20.13	42	845.25
Week 2	06 June 2022	21.15	21.15	21.15	21.15	21.00	1					
									Total		702	13154.25
									VWAP			18.74

Comparable Company Multiple Method (CCM) – Market Approach

This method involves reviewing valuation multiples for companies that are in the same or similar line of business as the company being valued and then applying the relevant valuation multiples to the subject company to determine its value. The theory behind this approach is that valuation measures of similar companies, as manifested through stock market valuations of listed comparable companies, should represent a good proxy for the specific company being valued. Depending on the source of data available and the underlying company being valued, a variety of valuation measures might be used including Enterprise Value (EV) to Sales, EV to EBITDA, Price to Earnings, etc.

For determining the value of SHREEPAC we considered the comparable companies which are into the similar lines of business of the company and share similar characteristics relating to size, risks and rewards. All the comparable companies are also infrequently traded and hence the multiples such as EV/EBITDA, PE, EV/Sales are not representative of fair value with respect to the company.

List of Comparable Listed Companies considered are mentioned below:

	Trading
Dolphin Medical	Infrequently
Medinova Diagnostics	Infrequently
Raaj Medisafe	Infrequently
Opto Circuits	Infrequently
Dhanvantri Jeev	Infrequently
N G Industries	Infrequently

Net Assets Value Method (Book Value) – Cost (Asset-Based) Approach

The net asset value method is an asset-based approach to valuation where the value of the business is based on the difference between the fair market value of the assets and liabilities of the business. The significant assets of the company are financial assets and working capital. *For our analysis, we have applied book value method, which we believe resulted in more appropriate representation of the fair market value of the Company.*

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B. Valuation of the Company via Net Assets Value Method ('NAV') – Cost (Asset-Based Approach)

Net Assets value is the measure of a company's valuation after assets and liabilities, the analyst must simply deduct the liabilities from the assets to derive the fair value of the firm.

Determination of the Fair Value

Net Asset Value (Book Value) as on June 15, 2022	Amount (Rs.)
Assets	
Non-Current Assets	
Property,Plant and Equipment	246.21
Intangible Assets	4.94
Financial Assets	94.70
Deferred Tax Assets	20.63
Current Assets	
Cash and Cash Equivalents	79.31
Trade Receivables	519.02
Inventories	166.16
Other Current Assets	73.99
Total Assets (A)	**1,204.96**
Liabilities	
Non Current Liabilities	
Financial Liabilities	59.77
Current Liabilities	
Short Term Borrowings	213.24
Trade Payables	15.13
Other current liabilities	215.42
Short-term provisions	46.49
Total Liabilities (B)	**550.05**
Adjusted Net Asset Value (A-B)	654.91
No. of Shares	35,99,400.00
Value per Share	18.19

We have considered the Audited financial statements of the company as on March 31, 2022 for determining the above value as there is no significant change in the financial position of the company between March 31, 2022 upto June 15, 2022.

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C. Conclusion of Value

Based on our study and analytical review procedures, and subject to the limitations expressed within this report, our opinion of the fair value of equity shares of Shree Pacetronix Limited on a going-concern basis, for the purpose of complying with the valuation requirements under various statutes, i.e. The Income Tax Act, 1961, The Companies Act, 2013 and The SEBI (ICDR) Regulation, 2018, with respect to issue of securities including equity shares/preference shares/convertible securities, as on June 15, 2022 is:

<u>**Total Equity Value of Shree Pacetronix Limited**</u>

Rupees Six Hundred Fifty Four Lakhs and Ninety One Thousand (Rounded)

INR 654.91 Lakhs

<u>**One Equity Share of Shree Pacetronix Limited**</u>

Rupees Eighteen and Nineteen Paise

INR 18.19 per share

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APPENDIX A

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

- We have no present or contemplated financial interest in the Company. Our fees for this report are based upon our normal hourly billing rates, and in no way are contingent upon the results of our findings. We have no responsibility or obligation to update this report for events or circumstances brought to our attention or occurring subsequent to the date of this report.

- Users of this report should be aware this report is based on assumptions regarding future earnings potential, and/or certain asset values that may or may not materialize. Therefore, the actual results achieved in the future will vary from the assumptions utilized in this report, and the variations may be material.

- Our report is based on historical and/or prospective financial information provided to us by the Management and other third parties. Had we audited the underlying data, matters may have come to our attention, which would have resulted in our using amounts that differ from those provided.

- The Company and its representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statement information reflects the Company's results of operations and financial condition, unless otherwise noted. Information supplied by the Management has been accepted as true and correct, and we express no opinion on that information.

- We have relied upon the representations of the owners, the Management and other third parties concerning the value and useful condition of all equipment, real estate investments, investment used in the business, and any other assets or liabilities except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the Company has good title to all assets.

- We have assumed that the Company will maintain the character and integrity of the Company through any reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

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- Valuer does not purport to be a guarantor of value. Valuation of closely-held companies is an imprecise science, with value being a question of fact, and reasonable people can differ in their estimates of value. Valuer has, however, used conceptually sound and commonly accepted methods and procedures of valuation in determining the estimate of value included in this report.

- The various estimates of value presented in this report apply to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the purpose or purposes specified herein. This report is valid only for the effective date specified herein.

- The valuation contemplates facts and conditions existing as on the Valuation Date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our report for such events and conditions.

- We have assumed that there is full compliance with all applicable central and state regulation, and laws unless otherwise specified in this report.

- This Valuation Report was prepared in compliance with, and meets the reporting requirements of the ICAI Valuation Standards.

- We have presented certain information within this report, which was taken from sources including, but not limited to, financial statements, tax returns, and corporate history. This information has been supplied by the Company or its representatives. The historical financial information presented within is included solely to assist in the development of the value conclusion presented in this report, and it should not be used to obtain credit or for any other purpose. Because of the limited purpose of this presentation, it may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled this presentation and express no assurance on it. Accordingly, this report should not be construed, or referred to, as an audit, examination, or review by the valuer.

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- Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the Management of the Company without the previous written consent of the valuer, and, in any event, only with proper attribution.
- Any recast financial statements, forecasts, or pro forma statements are the result of data provided by the Company, its officers, or representatives, or are based on assumptions as indicated in this report. Such recasted, forecasted, or pro forma statements may not anticipate the economic, socioeconomic, political, market, or legal factors, which may impact the operations of the subject company. Accordingly, the valuer makes no representations, expressed or implied, as to the validity of such recasted, forecasted, or pro forma statements.
- This report is neither an offer to sell, nor a solicitation to buy securities, and/or equity in, or assets of, the Company.
- Neither the professionals who worked on this engagement, nor the employees of the valuer have any present or contemplated future interest in the Company, any personal interest with respect to the parties involved, or any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.

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