

**Valuation Report**

**Of**

**XTRANET TECHNOLOGIES PRIVATE LIMITED  
CIN: U72200MP2002PTC014956**

**Prepared by:**

**SUBODH KUMAR**

**(IBBI REGISTERED VALUER)**

**Registration No: IBBI/RV/05/2019/11705**

**Date: August 19, 2024**

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To,  
The Board of Directors  
Xtranet Technologies Private Limited  
Z-24, Zone - 1, M.P. Nagar, Bhopal, Madhya Pradesh, India, 462011

Dear Sir,

**Subject: Valuation of Equity Shares of the Company**

**I. Purpose:**

We have been engaged by Xtranet Technologies Private Limited having its registered office at Z-24, Zone - 1, M.P. Nagar, Bhopal, Madhya Pradesh, India, 462011 (Hereinafter referred to as "XTPL" or "Company"). XTPL, a Company incorporated in India, planning to evaluate valuation of Equity Shares for issue of Equity Shares under the provision of Companies Act, 2013 and rules made thereunder. Hence, for the purpose stated, XTPL require Valuation of Equity shares as on 30<sup>th</sup> June, 2024 (*Valuation date*).

Accordingly, as per the request received from the management of the XTPL, we are evaluating the valuation of the Company.

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

**II. About the Valuer:**

Mr. Subodh Kumar is a valuer registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No.: IBBI/RV/05/2019/11705 for the purpose of carrying out the said valuation of equity shares.

**III. Background/Information about XTPL**

Xtranet Technologies Private Limited ("XTPL"/"Company") incorporated in 29<sup>th</sup> January, 2002 vide Corporate Identification Number is (CIN): U72200MP2002PTC014956 under the provisions of Companies Act, 2013 and rules made thereunder. The registered office of the XTPL is situated At Z-24, Zone - 1, M.P. Nagar, Bhopal, Madhya Pradesh, India, 462011.

**Source:** Provided by the management.

The share capital of the Company, on a fully diluted basis, as on 30<sup>th</sup> June, 2024 is as under:

Sl. No.	Shareholder type	Amt in INR
1	Paid up Share Capital 68,98,940 Equity Share of INR 10 each	6,89,89,400



#### **IV. Convertible Securities of the Company:**

There is no Outstanding Convertible Securities as on Valuation Date.

#### **V. Appointing Authority:**

We were assigned with this project of valuation of the shares of the Company by the Board of Directors of the Company and engagement letter for this project has been signed by the Director/authorised signatory of the Company, authorised by the Board of Directors.

#### **VI. Disclosure of Valuer's Interest/ Conflict:**

The Valuer is not related to the Company or its promoters or its director or their relatives, the valuer has not any interest or conflict of interest with respect to the valuation under consideration.

#### **VII. Sources of Information:**

We were provided with the following information by the management of XTPL for the valuation purpose as aforesaid:

- Brief background of the business of the company.
- Projected financial statements 2024-25 to 2028-29.
- Provisional financial statement as on 30<sup>th</sup> June, 2024
- Memorandum and Article of Association

#### **VIII. Approach Considered in our Value Analysis:**

##### **General Principle for Valuation**

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

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

- a) "Cost" approach
- b) "Income" approach
- c) "Market" Approach



## IN SUMMARY:

The application of any method of valuation depends on the purpose for which the valuation exercise is performed; relevance of each method under the circumstances of the case and other factors as determined appropriate.

- **Cost Approach:** For valuing the company, we are of the view that the net asset approach (under the Cost Approach) will not represent the fair value of the underlying business since the company is a young company and has not yet matured. Hence the same has not been considered for the purposes of computing the fair value of the company.
- **Income Approach:** Since the company is valued on the assumption of going concern with growth in revenue over explicit period, we have considered this approach to be appropriate to arrive at a business value using the DCF method wherein future expected cash flows have been discounted to arrive at business value of the company.
- **Market Approach:** The Company is not listed on any stock exchanges and hence market approach is not considered.

## IX. Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the Shares of the Company. The best reasonable judgment of the value will be referred to as the fair value (FV). The Company has good projection in future and the analysis for the same is given below.

### Share Value as Per Discounted Cash Flow Method:

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

Valuation under DCF method is based on projections for FY 2024-25 to FY 2028-29 ("explicit period") as provided to us by the Management.

## X. Valuation & Conclusion:

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share.



Though different values might have been arrived at under each of the methods explained above, for the purposes of recommending a fair value, it is necessary to arrive at a single value of the Company. For this purpose, considering the fact that the business of the Company is intended to be continued on a "going concern" basis and that there is no intention to dispose-off the assets, we have considered it appropriate to choose DCF Method to arrive at fair value of shares of the Company.

In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, we have estimated the fair value per share of the Company to be **INR 325.00** per share as prescribed below:

#### **XI. Limitations & Disclaimers:**

- Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value.
- While XTPL has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.
- No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.



- Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- Our recommendation is based on the estimates of future financial performance as projected by the management, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.
- A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular.
- This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.



- Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the Management/ the Company and our work and our finding shall not constitute a recommendation as to whether or not the Management/ the Company should carry out the transaction.
- Our report is meant for the purpose mentioned in Para 4 and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- Neither Subodh Kumar, nor its partners/directors, managers, employees makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.



**SUBODH KUMAR**  
**(Registered Valuer)**  
**IBBI Regn- IBBI/RV/05/2019/11705**

**Date: August 19, 2024**

## Annexure: A

Particulars		FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
No. of months		9	12	12	12	12
Year ending		31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
<b>Inflow of funds</b>						
Net revenue		3,145,265,280	4,916,366,079	7,881,525,751	11,958,332,784	17,339,415,369
Operating EBITDA		269,068,893	464,684,156	1,010,575,642	1,751,953,499	2,720,126,863
EBITDA margin (%)		8.55%	9.45%	12.82%	14.65%	15.69%
<b>Inflow of funds</b>		269,068,893	464,684,156	1,010,575,642	1,751,953,499	2,720,126,863
<b>Outflow of funds</b>						
Capital expenditure		-	-	-	-	-
Change in working capital		492,538,003	493,948,958	750,848,017	948,135,461	1,236,565,854
Income tax on PBIT		79,309,475	138,203,277	302,148,807	524,713,758	815,294,820
<b>Outflow of funds</b>		571,847,477	632,152,234	1,052,996,824	1,472,849,219	2,051,860,675
<b>Net cash flows to firm</b>		-302,778,585	-167,468,079	-42,421,182	279,104,280	668,266,188
Discounting factor	13.93%	91%	80%	70%	61%	54%
Discounted cash flows		-274,567,321	-133,297,085	-29,637,141	171,153,174	359,693,734
Present value for explicit period						93,345,361
Present value of perpetuity	3.00%	6,297,933,000				3,389,857,335
<b>Enterprise value</b>						3,483,202,696
<b>Add: Cash and Cash equivalent</b>						3,192,368
<b>Adjusted Enterprise value</b>						3,486,395,064
<b>Less: Long Term Borrowings</b>						281,582,144
<b>Enterprise value for equity shareholder</b>						3,204,812,919
<b>Less: Discount for Lack of Marketability</b>						961,443,876
<b>Adjusted Enterprise value for equity Shareholder</b>						2,243,369,043
No. of Shares (in Nos.)						6,898,940
Value Per Share(Diluted) (INR)						325.18
Value Per Share (INR)(Round off)(Diluted)						325

Notes: The basis for the assumptions in perpetuity is as follows:

A: The growth rate for terminal year has been assumed to be 3%.

B: EBITDA margin is estimated as average of EBITDA margin for FY2024-25 to FY2028-29.





Calculation of WACC					Remarks
Particular	Amount	Weight	Interest Rate	Cost	
Secured Loan	0	0	0.00%	0%	
Equity	68989400	1		13.93%	
Total	68989400	1			
WACC	13.93%				

  

Cost of equity:		Remarks
Risk free rate	7.09%	Based on broad six months average of daily YTM's of gilt bonds (with 10 year residual maturity)
Beta	1.00	We have considered Relevered beta of industry comparable companies from aswath damodaran database for india
Market risk premium	6.84%	Expected rate of return on the market portfolio
Company specific premium	0.00%	
Cost of equity	13.93%	

Market Return (Rm) [Source: BSE Website]	
BSE SENSEX (closing) as on January 02, 1991	999.26
BSE SENSEX (closing) as on June 30, 2024	79032.73
Time Period between January 02, 1991 and June 30, 2024 (in Years)	33.52
Compunded Annual Growth Rate (CAGR) of BSE SENSEX	13.93%

