

Valuation Analysis of Equity Shares of GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED

Strictly Private & Confidential

To,

Board of Directors/Audit Committee

GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED

2ND FLOOR, MRUDUL TOWER, B/H. TIMES OF INDIA, ASHRAM ROAD, Ahmedabad, AHMEDABAD, Gujarat, India, 380009

Subject – Fair Valuation of Equity of GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED.

Dear Sir,

The said valuation assignment has been conducted for the purpose of computing the Value per EQUITY SHARE of **GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED** (herein after referred to as “Company”) for the purpose of issue of report on valuation of preferential allotment of shares/securities to comply with the provisions of Section 42 and 62 of Companies Act, 2013 read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and the valuation guidelines stipulated under International Valuation standards.

Valuation Summary:

I **Sejal Ronak Agrawal** (“herein-after-referred as “Valuer”), hereby certify the fair value of equity shares of the Company as follow.

1. Date of Valuation : 31st January, 2025
2. Date of appointment : 10th January, 2025
3. Date of Submission of Report : 05th February, 2025

Name of Instrument	Value per share (INR)	Fair value (INR in Lakhs)
EQUITY	1797.96	2155.76

This certificate is being issued for compliance with the aforesaid purpose only.

Thank you

For and on behalf of

CA Sejal Agrawal

Registered Valuer - Securities & Financial Assets

Registration No. IBBI/RV/06/2020/13106

Place: Ahmedabad

UDIN: 25141498BMGXBL5481



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EXECUTIVE SUMMARY:

Client	GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED
Corporate Identification Number (CIN)	U70100GJ2008PTC053445
Relevant industry	Finance industry
Net worth as on 30.09.2024	1196.29 Amt (INR Lakhs)
Base of Valuation	: Market Value - Sec 30 of IVS 2020
Premise of Valuation	: Highest and best use - Sec 140 of IVS 2020
Valuation Approach	: Income Approach
Method for Valuation	: Discounted Cash Flow Method
Value Variation from Standard Assumptions	: None
Special Assumptions	: None
Independence	: The total fees, including the fee for this assignment earned from the instructing party are less than 5.0% of our total annual revenues. We have no association with the instructing party during the past five years.
Valuation Currency	INR



INDUSTRY BACKGROUND- FINANCE INDUSTRY

India has a diversified financial sector undergoing rapid expansion both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.



COMPANY ASSESSMENT

Company Information	
CIN	U70100GJ2008PTC053445
Company Name	GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED
ROC Name	ROC Ahmedabad
Registration Number	053445
Date of Incorporation	01/04/2008
Email Id	info@gencap.in
Registered Address	2ND FLOOR, MRUDUL TOWER, B/H. TIMES OF INDIA, ASHRAM ROAD, Ahmedabad, AHMEDABAD, Gujarat, India, 380009
Listed in Stock Exchange(s) (Y/N)	No
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Private
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	2,00,00,000
Paid up Capital (Rs)	1,19,900



Share Holding Pattern as on Valuation date are as follows:

Equity Share Holder		
Sr. No	Name of Shareholders	No. Of Equity Shares
1	Viral M Shah	1,12,237
2	Mona Shah	7,663
	Total	1,19,900

The Board of Directors of the company as on valuation date are as follows:

Director/Signatory Details			
Sr. No	DIN/PAN	NAME	Designation
1	00014182	VIRAL MUKUNDBHAI SHAH	Director
2	02343194	MONA VIRAL SHAH	Director

PURPOSE OF VALUATION, SCOPE & LIMITATIONS

PURPOSE OF VALUATION

Based on the discussions held with the Management and Key Managerial Personnel (KMPs) of the Company, this valuation is done for the purpose of issue of report on valuation of preferential allotment of shares/securities to comply with the provisions of Section 42 and 62 of Companies Act, 2013 read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and the valuation guidelines stipulated under international Valuation standards.



APPOINTING AUTHORITY

The management of the Company appointed CA Sejal Agrawal (Registered Valuer cum Chartered Accountant) for valuation of Equity Shares.

IDENTITY OF VALUER

For CA Sejal Agrawal

Registered Valuer - Securities & Financial Assets

Registration No. IBBI/RV/06/2020/13106

Place: Ahmedabad

NATURE AND SOURCES OF INFORMATION

We have reviewed the following documents including but not limited to:

- Discussions with the KMPs.
- Audited of 31st March, 2024, 31st March, 2023
- Provisional Financial Statement as on 30th September, 2024
- Management Representations Letter
- MOA & AOA
- GST Certificate
- Management Signed projection From FY 2025 to 2029
- Certificate Of incorporation

EXTENT OF THE INVESTIGATION UNDERTAKEN

We have exercised due care in performing the valuation procedures, including the application of appropriate discount rates based on the risk profile of the business plan. However, we expressly state that, although we have reviewed the financial data for the purpose of this valuation, we have not conducted an audit and have relied on the historical and projected financial statements (P&L Account and Balance Sheet) prepared and submitted by the company's management. While we have conducted inspections and investigations within the scope of available information, a comprehensive verification of all assets and liabilities was not undertaken. The projections provided may not materialize as forecasted; however, the management has represented that due care was taken in preparing these financial forecasts, and they reflect a true and fair view of the expected business plan of the company.



VALUATION METHODOLOGIES AND VALUE CONCLUSION

There are three approaches to Valuation namely Income, Asset, and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	Net Asset Value (NAV) Method	<p>The Asset-based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The business value is the difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis. However, this methodology recognizes the historical cost of net assets only without recognizing its present earnings, the comparative financial performance of its peers, their enterprise values, etc. Therefore, in general, Net Asset Value only reflects the minimum proxy value of the company.</p> <p>In the instant case, we have not considered the Net Asset Value method. The asset-based approach is used to value the overall business and is usually performed during the purchase or sale of the business, or a merger or acquisition.</p>
Market	Comparable Companies Multiples (CCM) Method	<p>This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g., Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs.</p> <p>In the instant case, we have not applied this methodology as this method comes with limitations of reliance on chosen comparable firms, selected multiples, adjustments, and assumptions. It overlooks a company's intrinsic worth in over or undervalued markets and fail to consider future growth, competitive advantages, and synergies, thereby presenting a partial assessment.</p>



Income	Discounted Free Cash Flow (DFCF) Method	<p>The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF methodology is the most appropriate basis for determining the earning capability of a business. In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex are being met.</p> <p>We have considered this methodology for calculation of fair equity value of the Company based on its cash flows. After considering its business plan, we have calculated the Enterprise value and then derived the Equity value by adjusting its debt, cash and cash equivalents and surplus assets on the date of valuation.</p>
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Provisional Balance Sheet as of 30th September,2024

Particulars	Amount in INR Lakhs
Share Capital	1.20
Other Equity	1195.09
Total Shareholder Funds	1196.29
Total Non-Current Liabilities	4733.98
Total Current Liabilities	1372.08
Total Equity & Liabilities	7302.76
Total Non-Current Assets	6683.96
Total Current Assets	618.80
Total Assets s	7302.76



Provisional Profit and Loss Statement for the period ended 30th September,2024

Particulars	Amount in INR Lakhs
Gross Revenue	782.01
Other Income	7.94
Total Income	789.94
Total Expenses	771.68
Profit Before Tax (PBT)	18.26

Method of Valuation

Discounted Cash Flow Method i.e., Discounted Free Cash Flow (DFCF):

(Figures in INR lakhs)

PARTICULARS	FY 24	30-09-2024	FY 25	FY 26	FY 27	FY 28	FY 29	Terminal
						Perpetuity Growth Rate		2%
<i>Cash Accrual Timing Factor</i>	0.00	0.25	0.25	1.00	2.00	3.00	4.00	
PBT (Excluding Other Income)	-47.14	10.33	90.14	112.70	126.51	227.88	264.81	
Tax @ 25.168%	-	-	-	-	-	86.26	98.47	
EBIT(1-Tax)	(47.14)	10.33	90.14	112.70	126.51	141.62	166.34	
Add Finance Cost	0.02	0.01	0.02	0.02	0.03	0.03	0.03	
Book Depreciation	1.81	1.60	1.05	0.73	0.51	0.36	0.25	
(Inc)/Dec in Working Capital	524.92	10.21	-644.60	195.90	316.50	294.12	466.62	
Operating Cash Flows	479.61	22.14	(553.40)	309.35	443.55	436.13	633.24	
(Inc)/Dec in Fixed Assets	-	-	-	-	-	-	-	
Free Cash Flows	479.61	22.14	(553.40)	309.35	443.55	436.13	633.24	2,391.68
Discounting Factor	1.00	0.95	0.95	0.83	0.69	0.57	0.47	0.57
Present Value of Free Cash Flows	479.61	21.13	(528.08)	256.51	304.96	248.64	299.35	1,363.52



Summary	Amount (In INR Lakhs)
Present Value of Total Discrete Period Cash Flows	581.38
Present Value of Terminal Cash Flows	1,363.52
Enterprise value (EV)	1,944.90
Less: Debt	4,733.98
Add: Investment	4,934.17
Add: Cash & Cash Equivalent	10.67
Equity Value (In INR Lakhs)	2,155.76
Total No. of Shares Outstanding as on valuation date	1,19,900
Value per share (INR)	1,797.96

DFCF Assumptions:

Particulars	Notes
Risk free rate (Rf) as on 31.01.2025	6.69% Considered of long-term Indian government bond rate
Market Rate of Return	15.61% BSE Sensex return on long term basis
Industry Beta... (β)	1 Beta is a measure of volatility, or systematic risk of the return on a particular security to the return on a market portfolio. It is understandable that the Company's business model is unique and it is difficult to find any listed companies, which are comparable to the Company in terms of nature of services, stages of operations etc. Accordingly, having regard to management representations and generally accepted valuation principles, I have conservatively considered the Beta of 1
Additional Company Specific (including Small Company) Risk Premium (unsystematic risk) (CSRP)	5% We have given additional risk premium looking into company profile, financial structure and ROI investor will look into while investing in this type of company. This is also dependent upon the level of aggressiveness of the future cash flows and present scenario of the country and company environment in which it is operating.
Cost of Equity (Ke)	20.60% As per Modified CAPM model i.e. $[Ke = Rf + \beta(Rm - Rf) + CSRP]$
WACC	20.60% $WACC = (Ke * \% \text{ Equity in Capital Structure}) + (\text{Cost of Debt} * \% \text{ Debt in Capital Structure} * (1 - \text{Tax Rate}))$



Growth Rate	2%	As the perpetuity growth rate assumes that the Company will continue its historic business and generate Free Cash Flows at a steady state forever. Since terminal value constitutes a major proportion of the entire value of the business, we while deciding the terminal growth rate have given emphasis to economic factors & financial factors like Inflation of the Country, GDP growth of the Country, Projected Financials, Historical Financial Position, Organic & Inorganic growth strategies of the Company, investment opportunity etc.
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CAVEATS, LIMITATION AND DISCLAIMERS

I. Restriction on use of Valuation Report

This document 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. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report.

II. Responsibility of RV

We owe responsibility only to the client that has appointed us under the terms of the engagement letters. 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 companies, their directors, employees or agents.

III. 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.



IV. Achievability of the forecast results

We do not provide assurance on the achievability of the results forecast by the management 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 as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

V. Value Estimate:

The valuation of companies/business and assets is not a precise science and is based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value. Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

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

The client and its 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 clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments 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 companies, their directors, employee or agents.

VIII. 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 or reproduced in its proper form and context.



IX. Compliance with relevant laws

The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, as 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 reflected in the balance sheet provided to us.

X. Multiple factors affecting the Valuation Report

The valuation report is tempered by the exercise of judicious discretion by the RV, 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 Balance Sheet but could strongly influence the value.

XI. 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 our tendering evidence before such authority shall be under the applicable laws.

