VALUATION REPORT

on

Fair Value of Equity Shares

EFC (I) Limited

Bhavesh M Rathod
Chartered Accountants, Registered Valuer – SFA
12D, White Spring, A wing, Rivali Park Complex,
Western Express Highway, Borivali East, Mumbai 400066
Email : Info.cabhavesh@gmail.com
Mobile : +91 9769 11 34 90

Table of Contents

Valuation Analysis

We refer to our Engagement Letter dated 15th April 2023 as independent valuers of **EFC (I) Limited** (the "Company"). In the following paragraphs, we have summarized our valuation Analysis (the "Analysis") of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

1 Context and Purpose

Based on discussion with the management, we understand that the Company is evaluating the possibility of **Fair Value of Equity shares under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**. In the context of the proposed transaction, the management requires our assistance in determining the **Fair Value of Equity shares** of the Company.

Proposed Transaction:

During the Financial Year 2022-23, Company is evaluating the possibility of issuing further securities to prospective investors. In this context, the management of **EFC (I) Limited** (the "Management") has requested us to estimate the fair value of the Equity Shares. - "Proposed Transaction".

2 Conditions and major assumptions

Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the financial statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to 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 and preparing this report, is not to require to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession 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 owner has good title to all the assets.

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.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3 Background of the Company

Incorporated in 1984, EFC (I) Ltd (formerly Amani Trading and Exports Ltd) is in the business of leasing Offices spaces.

Company URL: https://efclimited.in/

Further data of the company is as under:

CIN	L74110PN1984PLC216407
Company / LLP Name	EFC (I) LIMITED
ROC Code	RoC-Pune
Registration Number	216407
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	75000000
Paid up Capital (Rs)	68267000
Number of Members (Applicable in case of company without Share Capital)	0
Date of Incorporation	07/02/1984
Registered Address	6th Floor, VB Capitol Building, Range Hill Road, Opp. Hotel Symphony, Bhoslenagar, Shivajinagar, Pune Pune MH 411007 IN
Email Id	compliance@efclimited.in
Whether listed or not	Listed
Date of last AGM	30/09/2022
Date of Balance Sheet	31/03/2022
Company Status (for efiling)	Active

Directors and Key Managerial Persons:

DIN/PAN	Name	Begin date	Designation
0000119614	Rajesh Chandrakant Vaishnav	13/08/2022	Director
0001733060	Umesh Kumar Sahay	06/05/2022	Managing Director
0001873087	Abhishek Narbaria	26/05/2022	Wholetime Director
0002111646	Nikhil Dilipbhai Bhuta	26/05/2022	Wholetime Director
0008095079	Mangina Srinivas Rao	26/12/2022	Additional Director
BFLPA1782C	Aman Kumar Gupta	20/10/2022	Company Secretary
0009054785	Gayathri Iyer	26/05/2022	Director
AIVPV5924D	Uday Tushar Vora	26/05/2022	CFO(KMP)

Shareholding Details as on 31st March 2023

Particulars	No. of Shares	% Holding
Promoter & Promoter Group	45,22,570	66.25%
Public	23,04,130	33.75%
Total	**68,26,700**	**100.00%**

Face Value Per Share is Rs. 10.00/-

4 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

5 Valuation Date

The Analysis of the Fair Value of Equity share of **EFC (I) Limited** as on **27th April 2023.**

6 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by ICAI Registered Valuers Organisation.

7 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being In possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs.
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated.
- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

1. Asset Approach

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

2. Market Approach

Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation The difficulty here in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early-stage company and different business model the problem aggravates further.

Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

3. Income Approach

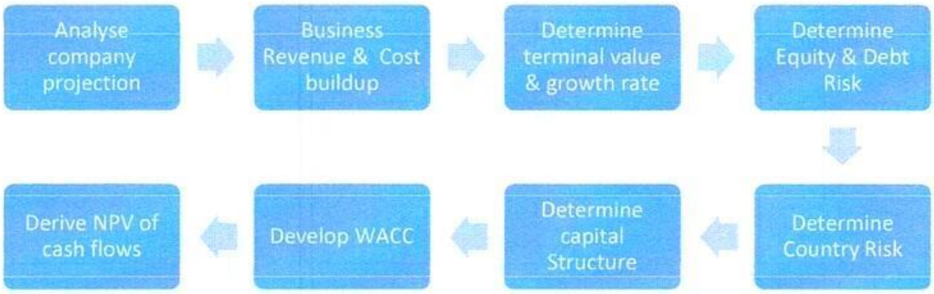
Discounted Cash Flows - "DCF"

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the Company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows.



Valuation Methodology

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

In this case, the Company being a listed Company, we have considered valuation regulations applicable to preferential issue of Equity Shares as defined in Securities and Exchange Board of India (Issue of Capital & Disclosure) Regulations, 2018, the requirements of the Articles of Association of the Company and the provisions of the Companies (Share Capital and Debentures) Rules, 2014 (as amended).

SEBI Regulations for requirement of Valuation:

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED

The relevant Regulations under SEBI (ICDR) are reproduced as under:

Regulation 165. *Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:*

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.

Regulation 161: *"relevant date" means: a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:*

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend, or the holiday will be reckoned to be the relevant date.

Regulation 166A (1): Other conditions for pricing

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 and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the *valuation report from the independent registered valuer, or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.*

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

In the instant case, based on the nature of business of the Company, availability of data and generally acceptable valuation methodologies, company being a listed entity we have valued the Equity using the weighted average of Asset Approach -Nav Method, market Approach -CCM, Income Approach – DCF Method is considered. Company is recently taken over by new management and are in the process of diversifying/reviving the business of the company, accordingly we have been provided with Business Projection of the company for DCF method.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

Refer Annexure 1 for working.

8 Source of Information

The Analysis is based on trading prices and volumes as available in the public domain. Specifically, the sources of information include:

- Historical Data of Trading Price and Volume traded of the stock on Bombay Stock Exchange

Further, we have also been informed by the Company that.

1. The Equity Shares of the Company are listed on the Bombay Stock Exchange.
2. The Equity Shares are Infrequently traded on the Bombay Stock Exchange and does not meet the definition of Frequently traded shares as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
3. The Company is proposing to hold Extraordinary General Meeting of Members on 22nd May 2023 to approve the proposed preferential issue and hence, the relevant date is 21st April 2023.
4. The present issue of Equity Shares shall not result in change in control of the Company.

9 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

We have relied on data from Recognized Stock Exchange. This source is considered to be reliable and therefore, we assume no liability for the accuracy of the data.

The valuation worksheets prepared for the exercise are proprietary to the Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

Our Report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

10 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **EFC (I) Limited**. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared according to the terms of SEBI ICDR Regulation, 2018.

11 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity Shares is as under:

Method		in INR
Price determined under the valuation report from the independent registered valuer as per Regulation 165 SEBI, ICDR		**750.00**

(INR Lakhs)

Method	Value	Weight	Product
NAV Method (*)	87.64	0	0.00
CCM Method	53,100.84	50%	26,550.42
DCF Method	49,259.85	50%	24,629.93
Market Price (#)	NA	0	NA
	Weight Average Value		**51,180.35**
	No. of Shares		68,26,700
	Value per share (In INR)		**749.71**
	Value per share (In INR) (R/Off)		**750.00**

(*) Value as per NAV Method is lower than Price as per DCF Method., therefore no weightage is given to NAV Method

(#) As company is infrequently traded, accordingly market price is not considered.

Control Premium

Regulation 166A (1): Other conditions for pricing: Not applicable

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 and consider the same for determining the price.

However, the post % of the allotment considering the fully allotted shares capital, none of the allottees is subscribing more than 5% and as a group their diluted shareholding post allotment is not exceeding 5% of the enhanced capital. Hence, valuation report from an independent registered valuer is not required.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully

BHAVESH M. RATHOD * REGISTERED VALUER * RV REGN. No. IBBI / RV / 06 / 2019 / 10708 (Securities or Financial Assets)

Bhavesh M Rathod
Chartered Accountants
M No: 119158
Registered Valuer - Securities or Financial Assets
(Reg No: IBBI/RV/06/2019/10708)

Date: 27th April 2023
Place: Mumbai

UDIN: 23119158BGVZBZ4495

12 Annexure 1

NAV Method

(INR Lakhs)

Particulars		Amount as on 31st March 2023
Assets		
Non-Current Assets		
Property, Plant & Equipment		4,614.38
-Intangible Assets		
-CWIP		3.60
Deferred tax assets (net)		98.49
Other Non-current Assets		5,280.97
Non-Current Investments		6.71
Current Assets		
Current Investments - FD		2,463.00
Inventories		0.00
Trade receivables		2,462.66
Cash and cash equivalents		381.57
Short Term Loans & Advances		124.12
Other Current Assets		448.04
Total Assets	**A**	**15,883.54**
Non-Current Liabilities		
Long Term Borrowings		5,354.72
Lease Liabilities		
Other Non current liabilities		3,021.64
Deferred Tax Liabilities (Net)		
Current liabilities		
Short Term Borrowings		
Lease Liabilities		
Trade payables		351.93
Other Financial Liabilities		
Current Tax Liabilities (Net)		
Short-term provisions		660.47
Other Current Liabilities		511.77
Total Liabilities	**B**	**9,900.53**
Net Worth	**A - B**	**5,983.01**
No. of Equity Shares	C	68,26,700
Value Per Share (In INR)	**(A -B) / C**	**87.64**

13 Annexure 2

Comparable Company Method (CCM)

Particulars	P/E
Multiple of Listed Peer Company	27.47
PAT of the Company (in INR Lakhs) (FY23)	1,933.33
Enterprise Value (in INR Lakhs)	53,100.84
Equity Value (in INR Lakhs)	53,100.84
No. of Shares	68,26,700
Value per share (in INR)	777.84

Note 1: -

P/E Multiple of Listed Peer Company

Particulars		P/E
Money master Leasing & Finance Ltd		52.58
DLF Ltd		54.74
Cella Space Ltd		30.01
Average		**45.78**
Less: Size Discount	40%	18.31
Adjusted Average		**27.47**

14 Annexure 3

Discounted Cash Flows

We have been provided with the business projection of the Company for **Five years** by the Management, which we have considered for our Analysis. Accordingly, the projected free cash flows to Equity ("FCFE") based on these financial statements is set out below:

(INR Lakhs)

Number of Months		12	12	12	12	12	
Particulars		FY24	FY25	FY26	FY27	FY28	TV
PAT		2,102.28	3,041.05	5,928.87	9,144.69	14,081.29	27,323.86
Add: Depreciation		1,659.80	4,300.78	7,676.03	11,570.72	16,065.38	16,386.68
Less: Capex		-13,628.15	-20,080.25	-23,173.31	-26,745.80	-30,872.03	-16,386.68
(Increase)/ decrease in working capital		2,163.45	1,093.65	-2,161.70	1,141.86	1,251.90	
Free cash flow to firm ('FCFF')		-7,702.62	-11,644.76	-11,730.11	-4,888.52	526.54	27,323.86
Net Debt Taken / (Repaid)		-523.75	-523.74	-450.93	-450.93	-450.93	
Other Non-Current Liability		4,231.14	7,591.33	9,169.45	11,267.58	14,061.31	
Other Non-Current Assets		-8.40	4.89	0.00	0.00	0.00	
Free cash flow to Equity ('FCFE')		-4,003.63	-4,572.29	-3,011.59	5,928.13	14,136.92	27,323.86
Annual factor		1.00	1.00	1.00	1.00	1.00	
Discounting period (end year)		1.00	2.00	3.00	4.00	5.00	
PV factor	22.88%	0.81	0.66	0.54	0.44	0.36	
PV of FCFE		-3,256.29	-3,026.34	-1,622.17	2,598.56	5,042.94	

PV of FCFE for the horizon period	-263.31	A
FCFE for terminal year	27,323.86	
WACC	22.88%	
Perpetuity Growth	2.00%	
Capitalisation Rate	20.88%	
Gross terminal value	1,30,854.44	
PV factor	0.36	
PV of terminal value	46,678.59	B

Enterprise value	46,415.28	A+B
Add: Cash & Bank	2,844.57	
Fair Value of Equity	**49,259.85**	
No of Share	68,26,700	
Value Per Share (in INR)	**721.58**	

Assumptions

Cost of Equity	22.88 %
Long Term Growth Rate	2.00 %
Market Return (Rm)	13.88 %

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimates growth rate of the industry and economy. Based on dynamics of the sector and discussions with the Management we have assumed a terminal growth rate of **2.00 %** for the Company beyond the projections periods. The cash flows of **Rs. 27,323.86 Lakhs** have been used to determine the terminal value. Based on these assumptions the terminal value has been calculated at **Rs. 1,30,854.44 Lakhs.**

Using these cash flows and a discount rate of **22.88 %,** we estimate the equity value of the Company **Rs. 49,259.85 Lakhs.**

Discount Factor

Organisation Specific Discount Rate

- Cost of Equity of 22.88 % is taken as Discounting rate, calculated using,
  - Historical Market Return of BSE 500 from February 01, 1999, to March 31, 2023, is 13.88 %
  - We have considered Premium of 9.00 % towards risk and illiquidity.

	Rate	Source
Market Return (Rm)	13.88 %	Return of BSE 500 for the period of Feb 01, 1999, to March 31, 2023.
Company Specific Risk	9.00%	Contingency of revenues, projected high profitability, achievability of projections