Valuation Report

Of

ORCHASP LIMITED

CIN: L72200TG1994PLC017485

Prepared by:

SANKA HARI SURYA

(IBBI REGISTERED VALUER)

Registration No: IBBI/RV/07/2019/12576

Report Date: 26th August, 2023

Contact Details

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Date: 26th August, 2023

To,
The Board of Directors
Orchasp Ltd
Plot No. 19 & 20, Moti Valley, Trimulgherry,, Secunderabad, Telangana, 500015

Dear Sir/Madam,

Subject: Valuation of Equity Shares of Orchasp Ltd (ORCHASP / Company)

I. Purpose:

We have been engaged by ORCHASP having Registered office at Plot No. 19 & 20, Moti Valley, Trimulgherry, Secunderabad, Telangana, 500015 for the purpose of valuation of equity shares of **ORCHASP**.

ORCHASP is evaluating the fair market value of equity shares under preferential issue of shares under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR 2018). Since, the Board of the Directors proposed to issue equity shares more than 5% to some of the proposed allottees, ORCHASP requires Valuation of its shares for issuing shares in terms of the amended regulation 166A of SEBI ICDR 2018.

Accordingly, as per the request received from the Company, we are valuing the Equity Shares of the Company.

The information contained herein and our report is confidential. It is intended only for the sole use for ORCHASP, 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. Sanka Hari Surya is an Independent valuer and he is registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No.: IBBI/RV/07/2019/12576 for the purpose of carrying out the said valuation of equity shares.

III. Background/Information about ORCHASP

ORCHASP Limited ("ORCHASP"/ "Company") was incorporated on 5th May, 1994 as a Limited Company. The Registered office of the company is situated at Plot No. 19 & 20, Moti Valley, Trimulgherry, Secunderabad, Telangana, 500015.

The Company is presently listed on BSE Limited (BSE).

The Share Capital of the Company, on a fully diluted basis, as on 30th June, 2023 is as under:

Particulars	Amount in INR
Issued, subscribed and paid up Capital 12,98,41,358 Equity Share of INR 2 each fully paid-up	25,96,82,716

(*Source: Shareholding Pattern as on 30th June, 2023 filed with BSE*)

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IV. Shareholding Pattern of ORCHASP

Shareholding pattern as on 30th June, 2023.

Particulars	No of Equity Shares	% of Holding
Promoter & Promoter Group	1,72,89,773	13.32
Other than Promoter & Promoter Group	11,25,51,585	86.68
Total	**12,98,41,358**	**100.00**

(*Source: Shareholding Pattern as on 30th June, 2023 filed with BSE*)

V. Appointing Authority:

We were assigned with this project of valuation of the Equity shares of the Company by the Audit Committee of Board (ACB) of the Board of Directors of the Company.

VI. Disclosure of Valuer's Interest/ Conflict:

The Valuer is not related to the ORCHASP or its promoters or its Director or their relatives. The valuer does not have 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 ORCHASP for the valuation purpose as aforesaid:

- ☐ Brief background of the business of the Company;
- ☐ Audited Financial Statements of last 5 years;
- ☐ Information available in the Public Domain;
- ☐ Latest Shareholding Pattern on 30th June, 2023;
- ☐ Memorandum and Articles of Association of the Company; and
- ☐ Market prices available on BSE Website.

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) "Net Asset Approach"

b) "Profit Earning Capacity Value"- PECV 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. The brief methodology in each of the three approaches as mentioned above is as mentioned hereunder:

- **Net Asset Approach:** This method takes into account the value of the assets of the business or the net worth as represented in the financial statements of the Company. For the purposes of arriving at net asset value per share, the net worth so arrived at shall be divided by the number of equity shares issued and paid-up.

- **Profit Earning Capacity Value (PECV) Approach**: This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.

- **Market Approach:** The market approach is a method of determining the value of shares based on the quoted price in the respective stock exchange where the shares have been listed.

Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the Equity Shares of the Company. The Company's Equity shares are presently listed on BSE and are frequently traded at BSE.

Further, since the Company proposed to issue shares more than 5% to some of the allottees, in terms of the provisions of Regulation 166A of SEBI ICDR 2018, as amended upto date, ORCHASP requires Valuation of its Equity shares for issuing Equity shares on preferential basis. Accordingly, the minimum price shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164 or the price determined by the Valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer.

Therefore, for the evaluation of fair valuation, we, being an independent Valuer, have considered best reasonable judgment to value the equity shares through weighted average of Market Approach (Closing Market Price as 24th August, 2023 i.e. the day immediately preceding the relevant date) and Net Asset Value and Price Earning Capacity Value (PECV).

Further, the Equity Shares of the Company is frequently traded at the BSE and Price in terms of sub-regulation (1), (2) or (4) of regulation 164 of SEBI ICDR 2018 has been determined considering 25th August, 2023 as relevant date in terms of SEBI ICDR 2018 as follows:

Minimum of the Higher of the price determined through following methods was considered:

- Price determined under sub-regulation (1), (2) or (4) of regulation 164 of SEBI ICDR Regulations as per following provisions i.e. price shall be not less than higher of the following:

    - The 90 (ninety) days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or

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- The 10 (ten) days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

We, being an Independent Valuer, have calculated Rs. 3.17 per equity shares as the fair value price of each Equity Share as per **Annexure I** and the minimum price per Equity Share in accordance with Regulation 164 of the SEBI (ICDR) Regulations is calculated at Rs. 3.00 per equity share as per ***Annexure II.***

Method of determination of price as per the Articles of Association of the Company – Not applicable as the Articles of Association of the Company are silent on the determination of a floor price/minimum price of the shares issued on preferential basis.

Following is the summary of the Valuation:

Fair Value per Share as per Independent Valuer- ***as per Annexure-I.***	Rs. 3.17
Fair Value per Share as per Regulation 164 of the SEBI (ICDR) Regulations - ***as per Annexure-II.***	Rs. 3.00
Price Calculated as per Articles of Association of the Company	N.A.
Whichever is higher as above	**Rs. 3.17**
Minimum price per Equity Share as per regulation 166A of SEBI ICDR 2018	**Rs. 3.17**

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.

The Fair Market Value per equity share of ORCHASP as per above methodology is INR 3.17/- (Indian Rupees Three).

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 we have 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.
- 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 the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- 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 Equity 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 ORCHASP and our work and our finding shall not constitute a recommendation as to whether or not the ORCHASP/ Company should carry out the transaction.
- Our report is meant for the purpose as mentioned 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 Valuer, nor its partners/directors, managers, employees make 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.

Sanka Hari Surya
(Registered Valuer)
IBBI/RV/07/2019/12576

Date: 26th August, 2023
Place: Mumbai

Annexure I

Calculation of Fair Value

1. **Net Asset Approach**

Particulars	Amt in INR Lakhs
Equity Shares Capital as on 31st March, 2023	2,259.16
Add: Other Equity	7,841.02
Net worth as on 31st March, 2023 being the latest available Financials	**10,100.18**
Book Value per Share (Rs.)	**8.94**

**** Rounded off upto two decimal places.**

2. **Market Approach:** As per SEBI ICDR 2018, the Company's Equity shares are Frequently Traded at BSE and Rs. 3.00 per Equity Share ***(Annexure-II)***

3. **Price Earning Capacity Value**

B] PECV METHOD	PAT (in lakhs)	Weights	Product (in lakhs)
2023	35.05	5	175.25
2022	5.59	4	22.36
2021	21.13	3	63.39
2020	168.21	2	336.42
2019	620.66	1	620.66
AVG		**15**	**1218.08**
Capitalization @14.41%	4059.68		
Number of Equity Shares	112958241		
Value per equity share	**0.52**		

Fair Value is calculated as follow:

Weightaged Average	Price per Share	Weight	Product
NAV	8.94	5%	0.026
Market Price	3.00	90%	2.70
PECV	0.52	5%	0.447
		Price	**3.173**
Rounded off (Rs)			**3.17**

Annexure II

Calculation of Price as per regulation 164 of SEBI ICDR 2018.

As per SEBI ICDR 2018, the Company's Equity shares are Frequently Traded at BSE. If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

Market Price (90 trading days volume weighted average price quoted at BSE during the 90 trading days preceding the relevant date i.e. 25th August, 2023)	Rs. 3.00
Market Price (10 trading days volume weighted average price quoted at BSE during the 10 trading days preceding the relevant date i.e. 25th August, 2023)	Rs. 2.52
Whichever is higher as above	**Rs. 3.00**

Method of determination of price as per the Articles of Association of the Company – Not applicable as the Articles of Association of the Company are silent on the determination of a floor price/minimum price of the shares issued on preferential basis.

Note:

Calculation of Market Price (90 trading days volume weighted average price quoted at BSE during the 90 trading days preceding the relevant date i.e. 25th August, 2023)

Date	No. of Shares	Total Turnover (Rs.)
24-Aug-23	257337	638203
23-Aug-23	202906	491833
22-Aug-23	312251	741525
21-Aug-23	318025	783759
18-Aug-23	245676	625629
17-Aug-23	727961	1782948
16-Aug-23	462233	1175658
14-Aug-23	287481	754381
11-Aug-23	304314	816303
10-Aug-23	162110	442653
09-Aug-23	120117	332184
08-Aug-23	456674	1248760
07-Aug-23	151352	429488
04-Aug-23	95430	275831
03-Aug-23	158419	453057
02-Aug-23	67540	190789
01-Aug-23	172788	489982
31-Jul-23	72077	209929
28-Jul-23	101415	298355
27-Jul-23	179738	540070
26-Jul-23	242368	686196
25-Jul-23	95886	269294
24-Jul-23	137676	390589

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Date	No. of Shares	Total Turnover (Rs.)
21-Jul-23	230950	653251
20-Jul-23	169759	474890
19-Jul-23	399067	1088235
18-Jul-23	180058	477672
17-Jul-23	361036	977283
14-Jul-23	495207	1364021
13-Jul-23	472647	1338904
12-Jul-23	266789	776318
11-Jul-23	194037	579980
10-Jul-23	192364	584879
07-Jul-23	286595	898706
06-Jul-23	400816	1244375
05-Jul-23	502974	1567439
04-Jul-23	300487	968905
03-Jul-23	299829	1021573
30-Jun-23	160962	568865
28-Jun-23	78828	278289
27-Jun-23	65305	231443
26-Jun-23	238276	868087
23-Jun-23	285038	1031764
22-Jun-23	171120	601764
21-Jun-23	265407	881933
20-Jun-23	186644	600002
19-Jun-23	294529	993625
16-Jun-23	378292	1356222
15-Jun-23	176560	658862
14-Jun-23	162306	611040
13-Jun-23	380058	1430440
12-Jun-23	413498	1547511
09-Jun-23	385362	1545672
08-Jun-23	403321	1662801
07-Jun-23	650556	2676471
06-Jun-23	1273794	4960911
05-Jun-23	1020382	4015141
02-Jun-23	1862538	6527256
01-Jun-23	827477	2420731
31-May-23	718699	1867765
30-May-23	986501	2421202
29-May-23	919828	1974102
26-May-23	953356	2155686
25-May-23	948429	2183611
24-May-23	632688	1517446
23-May-23	135681	335494
22-May-23	181863	458466
19-May-23	492404	1263514

Date	No. of Shares	Total Turnover (Rs.)
18-May-23	1000536	2528840
17-May-23	887728	2302986
16-May-23	243814	659993
15-May-23	204725	559589
12-May-23	244327	694154
11-May-23	316661	922079
10-May-23	251493	743632
09-May-23	210116	632591
08-May-23	128284	395538
05-May-23	117383	372910
04-May-23	61831	193354
03-May-23	129343	401518
02-May-23	135999	428321
28-Apr-23	153280	470642
27-Apr-23	303535	887773
26-Apr-23	85613	257229
25-Apr-23	119200	363452
24-Apr-23	150181	457745
21-Apr-23	123054	387206
20-Apr-23	356120	1138882
19-Apr-23	159101	542372
18-Apr-23	455766	1599034
Total	**31572181**	**94669803**
Weightage price		**3.00**

Calculation of Market Price (10 trading days volume weighted average price quoted at BSE during the 10 trading days preceding the relevant date i.e. 25th August, 2023)

Date	No. of Shares	Total Turnover (Rs.)
24-Aug-23	257337	638203
23-Aug-23	202906	491833
22-Aug-23	312251	741525
21-Aug-23	318025	783759
18-Aug-23	245676	625629
17-Aug-23	727961	1782948
16-Aug-23	462233	1175658
14-Aug-23	287481	754381
11-Aug-23	304314	816303
10-Aug-23	162110	442653
Total	**3280294**	**8252892**
Weightage price (Rs.)		**2.52**

Hari **Sanka Hari Surya** **(Registered Valuer)** **IBBI/RV/07/2019/12576**	**Date: 26th August, 2023** **Place: Mumbai**

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