MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3, Spaze Itech Park, Sohna Road, Sector-49, Gurugram, Haryana-122018
Email: manishmanwani74@gmail.com

VALUATION REPORT

OF

MANBRO INDUSTRIES LIMITED

(Strictly privileged and confidential)

Purpose : **Issue of Equity Shares and Convertible Warrants on Preferential basis**

Contact us at:
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Reference No.: - RV/SFA/AUG/2024/07
Date: August 28, 2024

To,
The Board of Directors
MANBRO INDUSTRIES LIMITED
CIN: L47211DL1992PLC048444
R.O.: C 18 Shivaji Park, Punjabi Bagh,
Delhi, India, 110026

Sub: Valuation report on fair value of equity shares as required for the purpose of issue and allotment of equity shares and convertible warrants, on preferential basis as required under Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Dear Sir/ Madam,

I refer to the appointment letter, whereby, the management of Manbro Industries Limited, referred as ("**Company**" or "**MIL**") has appointed Mr. Manish Manwani ("**Registered Valuer**" or "**RV**" or "**I**") as the Registered Valuer, for evaluation of fair value of equity shares of the Company. I understand that valuation analysis has been required by the management of the Company for the purpose of compliance with the regulatory provisions of the Companies Act, 2013 ("Companies Act") read with applicable rules framed thereunder and Regulation 165 and 166A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) ("**SEBI (ICDR) Regulations**").

This cover letter is intended to provide you with an overview of the purpose and scope of my analysis and my conclusions. Please refer to the attached report for a discussion and presentation of the analysis performed in connection with this assignment.

Purpose and Scope

Based on my discussions with the management of MIL, I understand that the management of the Company wishes to do preferential allotment of equity shares and warrants convertible into equity shares. In this regard, the management of the Company is required to determine the fair value of equity shares, to comply with the requirements laid down under the applicable provisions of the Companies Act, 2013 read with applicable rules framed thereunder and Regulation 165 and 166A of Chapter V of SEBI (ICDR) Regulations.

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In this regard, the management of MIL requires a report on valuation of equity shares of MIL carried out by a "Registered Valuer" (as defined in Companies Registered Valuers and Valuation Rules, 2017). I understand that this analysis and valuation report will be used by the management of MIL for necessary regulatory compliances as stated above.

The Report has been prepared exclusively for specified purposes as mentioned above, and except for the compliances to be made in SEBI (ICDR) Regulations, should not be used for any other purpose without obtaining the prior written consent of the Registered Valuer. This opinion should not be considered, in whole or in part, as investment advice by anyone.

Summary of Findings

Based on my valuation analysis of the Company, in my assessment, the fair value per equity share of the Company works out to ***INR 64.19/-***. For detailed working kindly refer Section III of this report.

MANISH MANWANI
CS & Registered Valuer -SFA
IBBI Registration No: IBBI/RV/03/2021/14113

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I. ENGAGEMENT OVERVIEW

1.1 Purpose and Scope

Based on my discussions with the management of Manbro Industries Limited ("**Company**" or "**MIL**"), I understand that the Company wishes to do preferential allotment of equity shares and warrants convertible into equity shares, of the Company and has appointed Mr. Manish Manwani ("**Registered Valuer**" or "**RV**" or "**I**") as the Registered Valuer, to determine the fair value of equity shares of the Company, to comply with the requirements laid down under the applicable provisions of the Companies Act, 2013 read with applicable rules framed thereunder and Regulation 165 and 166A of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) ("**SEBI (ICDR) Regulations**").

1.2 About the Valuer

Mr. Manish Manwani is an associated member of The Institute of Company Secretaries of India and also registered with Insolvency and Bankruptcy Board of India "IBBI" as a Registered Valuer under Securities or Financial Assets Class, having IBBI Registration No. IBBI/RV/03/2021/14113.

1.3 Bases of Value (Standard of Value)

Value has no meaning until it is defined. In the valuation nomenclature different definitions of value are called bases of value (or standard of value). In terms of IVS (International Valuation Standards), 'bases of value' describe the fundamental premises on which the estimate of values is based. In any valuation it is important that the basis (or bases) of value be appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer's selection of methods, inputs and assumptions, and the ultimate opinion of value. The different value conclusion can be attributed to the differences in the definition of value.

In terms of IVS, a valuer is required to select the basis of value and this is typically done based on the definition given in statute, regulation, private contract or another document. The applicable basis of value (or standard of value) for the assignment is the Fair Value.

The term 'Fair Value' has been defined in IVS 102 as under:

"Fair value is 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".

1.4 Premise of Value

Premise of value refers to the conditions and circumstances how an asset is deployed. Determining the business value depends upon the situation in which the business or a business interest is valued, i.e. the events likely to happen to the business as contemplated at the valuation date. In a given set of circumstances, a single premise of value may be adopted while in some situations multiple premises of value may be adopted.

The present valuation of MIL is undertaken on a **Going Concern Premise** i.e. on the premise that the company will continue to operate in future and earn cash flows.

1.5 Scope of Analysis

My scope of valuation includes fair valuation of equity shares of MIL, certify fair value as arrived for the above-mentioned necessary regulatory compliances in relation to the Companies Act and SEBI ICDR Regulations.

1.6 Information Relied Upon

I have based this opinion on information provided and represented by the management of MIL. I have fully relied on the information provided by the Company and do not vouch for the accuracy of the information provided by the management of the Company.

- Discussion with management concerning its assets, financial and operating history of the Companies.
- Unaudited financial results for the period ended as on June 30, 2024.
- Audited financial statements for FY 2023-24, 2022-23 and 2021-22.
- Other relevant details such as its history, present activities and other information (including verbal) as required from time to time.

I have also obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the client or other public available sources.

1.7 Valuation Date

For the fair valuation analysis, the valuation date has been considered August 26, 2024, with cut-off date for financial, being un-audited results as of June 30, 2024 and audited financial statements as of March 31, 2024, being the Company's latest financial statements, publicly accessible as of the signing date of this valuation report and August 26, 2024 being the relevant date has been considered as cut-off date for the fair value data.

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1.8 Conflict of Interest

I have acted as in Independent Registered Valuer and there is no conflict of interest in my opinion on valuation analysis of the businesses as envisaged in this report. My fee is not contingent upon the opinion expressed herein. This report is subject to the terms and conditions as discussed with the management of MIL.

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II COMPANY OVERVIEW[1]

Company Background- Manbro Industries Limited

Manbro Industries Limited is a listed Company and was incorporated on April 24, 1992. The registered office of the Company is situated at C 18 Shivaji Park, Punjabi Bagh, Delhi, India, 110026.

Business Overview of the Company: -

The company is engaged in the business of trading of Bio Based Chemical Products like MS Plasticizer, Acetic Acid, P Glue, P Glue Power, DMG, Yeast Extract, Calcium Propionate, Whey Protein, Clear Protein and Bio Based Plasticizers AMG90 Plasticizer.

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[1] *Source: Website of the Company and Information provided by the management.*

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III VALUATION APPROACH AND METHODOLOGY

3.1 Valuation Approaches

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 approaches can be broadly categorized as follows:

1. Asset Approach
2. Income Approach
3. Market Approach

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3.1.1 Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company, both tangible and intangible. The value of intangibles is referred to as the company's goodwill, the difference in value between the company's hard assets and its true value.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. 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. Pursuant to accounting convention, most assets are reported on the books of the subject company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair market value wherever possible. Further, the balance sheet values are to be adjusted for any contingent liabilities that are likely to materialize.

Intrinsic value is at the core of fundamental analysis since it is used in an attempt to calculate the value of the total assets of the business and then compare it with the fair value.

3.1.2 Income Approach

The income approaches determine fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. Usually, under the Income Based Approach, the methods that may be applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity (PECV) Method.

Under DCF approach, the future free cash flows of the business are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the Company. This approach also takes into account the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

Under PECV method, the average earning on the basis of the past 3-5 years is first determined, adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earnings trends in the industries. P/E prevailing in the industries etc. After this, the normalized earnings are then capitalized at an appropriate discount rate.

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3.1.3 Market Approach

The Market Approach

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

Market Price ('MP') Method

Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('CCM') method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and Informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

Each of the described approaches may be used to develop a value indication; however, the appropriateness of these approaches varies with the type of business or asset being valued.

3.2 Valuation Methodology Used

Asset Approach:

I have considered Net Asset Value (NAV) Method for determining the fair value of the equity shares of the Company and have assigned weight to determine the fair value.

Income Approach:

The projected financial statements of a Company are price sensitive in nature and the same were not made available to me for the fair valuation analysis therefore, I have not applied Discounted Free Cash Flow Method.

Further, I have considered Profit Earning Capitalization Value (PECV) Method for valuation analysis and weight have been assigned to determine the fair value.

Market Approach:

I have not applied Market Price method as the shares of the Company are infrequently traded as per the provision of sub regulation 5 of regulation 164 of SEBI (ICDR) Regulations.

Further, I have applied Comparable Companies' Multiple "**CCM**" method for determination of fair value of the Company and weights have been assigned to determine the fair value.

A Comprehensive Overview on Approaches applied:

Asset Approach	Market Approach	Income Approach
Net Asset Value Method	CCM	PECV
Applied	Applied	Applied

I. Asset Approach -Net Asset Value Method:

Net Asset value is computed by subtracting total outstanding liabilities from the total book value of assets of the Company. I have applied Net Asset Value Method to compute fair value, as under:

Computation of Net Asset Value of Manbro Industries Limited as on 31 March 2024	
Particulars	**Figures in INR Lakhs**
Non-Current Assets:	
Property, Plant and Equipment	-
Investment	-
Deferred Tax Asset (Net)	-
Other Non-Current Assets	-
Current Assets:	
Inventories	-
Trade Receivables	267.40
Cash & Bank Balance	5.30
Other Current Financial Assets	10.00
Other Current Assets	12.70

Total Assets	**295.40**
Non-Current Liabilities:	
Long Term Borrowings	-
Other Long-Term Liabilities	-
Provisions	-
Current Liabilities:	
Short Term Borrowings	-
Trade Payables	245.80
Provisions	4.00
Other Financial Liabilities	27.10
Other Current Liabilities	3.40
Total Liabilities	**280.30**
Net Asset Value	**15.10**
Less: Contingent Liabilities	-
Net Asset Value Post Adjustment	**15.10**
Total Number of Shares (in Numbers)	501,050
Net Asset Value Per Share	**3.01**

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II. Market Approach - Comparable Companies Multiple Method "CCM"

Comparable Companies Multiple Method is a relative valuation method under this a company's value is assessed from comparisons of similar companies available in the market. I have applied Price to Earning (P/E) multiple for computation of fair value, which is as under:

a) Price to Earnings Multiple:

Amount in INR Lakh except stated otherwise

PAT for June 30, 2024 (TTM Basis)	15.00
Price to Earnings Multiple*	25.44x
Equity Value	**381.58**
No. of Shares	5,01,050
Per Share Value	**76.16**

*****Note: Details of Comparable Companies are as under:*

Sr No.	*Company*	*P/E*
1.	*Patron Exim Limited*	*29.93x*
2.	*Jaysynth Orgochem Limited*	*18.72x*
3.	*Archit Organosys Limited*	*38.76x*
4.	*Mysore Petro Chemicals Limited*	*14.34x*

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III. Income Approach -Profit Earning Capitalization Method "PECV"

Profit Earning Capitalization Value method is one of the traditional methods of business valuation whereby maintainable future profits are ascertained on the basis of past earnings (suitably adjusted for any changes in the key parameters) which are then capitalized at a discounting rate.

I have considered PECV Method for valuation analysis and the calculation is as under:

Amount in INR Lakhs except stated otherwise

Particulars	Amount (INR Lakh)	Weight	Product
Profit Before Exceptional and Extraordinary Items & Tax:			
30-Jun-24 (TTM)	19.00	1	19.00
30-Jun-23 (TTM)	18.18	1	18.18
30-Jun-22 (TTM)	-5.37	-	-
Weighted Average PBT			**18.59**
Marginal Tax		25.17%	4.68
Weighted Average PAT			**13.91**
Capitalization Rate			12.25%
Business Value (in INR Lakh)			**113.56**
Add: Surplus Assets*			5.30
Fair Value (in INR Lakh)			**118.86**
Total No. of Equity Shares			501,050
Fair Value Per Share (in INR)			**23.72**

**As per discussion with the management, cash & cash equivalents have been considered as surplus assets.*

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IV. VALUATION CONCLUSION

Considering the provisions of Regulation 165 and 166A of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, and consideration of all the relevant factors and circumstances as discussed and outlined in this report, in my assessment, the floor price per equity share of the Company works out to **INR *64.19/-*.**

Amount in INR except weights

Approaches	Methodologies*	Value per Share	Weight	Product
Market Approach	Comparable Company Multiple Method	76.16	0.70	53.31
Income Approach	Price Earning Capitalisation Method	23.72	0.20	4.74
Asset Approach	Net Asset Value Method	3.01	0.10	0.30
Concluded Value Per Share				**58.35**
Control Premium@10%**				5.84
Fair Value Per Share				**64.19**

***** *The final indication of value, on a going concern basis, is generally one number computed from a variety of analytical procedures and one or more of the three valuation methods discussed above. As per the guidelines prescribed under International Valuation Standards, the goal in selecting the valuation approaches and methods for an asset is to find the most appropriate method under the particular circumstances. No one method is suitable in every possible situation. The selection process should consider, at a minimum:*

a) the appropriate basis(s) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment,
b) the respective strengths and weaknesses of the possible valuation approaches and methods,
c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and

***as per discussion with the management, I understand that there is a change in control due to the present proposed preferential issue. Therefore, I have considered 10% as control premium considering the provisions of Regulation 166A of SEBI (ICDR) Regulations.*

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V CAVEATS AND LIMITATIONS

5.1 Purpose and Distribution of Report

The report prepared by the valuer is prepared solely for the purpose as discussed with the management of MIL and should not be used for any other purpose. Except as specifically stated in the report prepared by valuer, the report and its contents may not be quoted or referred to, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without the prior written approval of valuer. Except as set forth in this report, the report is prepared for MIL / Client use only and may not be reproduced or distributed to any third parties without valuer's prior written consent.

5.2 Scope of Analysis

The appraisal of any financial instrument or business is a matter of informed judgment. The accompanying appraisal has been prepared on the basis of information and assumptions set forth in the attached report, its appendices, our underlying work papers, and these limiting conditions and assumptions.

5.3 Nature of Opinion

Neither the opinion nor the report provided or prepared by the RV are to be construed as a fairness opinion as to the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation, but, instead, are the expression of RV's determination of the fair value of assets between a hypothetical willing buyer and a hypothetical willing seller in an assumed transaction on an assumed valuation date. For various reasons, the price at which the assets might be sold in a specific transaction between specific parties on a specific date might be significantly different from the fair market value as expressed in my report.

5.4 Basis of analysis and Assumptions considered

Registered Valuer's analysis:

a) is based on the present financial condition of MIL assets as of the valuation date;
b) assumes that as of the valuation date the Client and its assets will continue to operate as configured as a going concern;
c) assumes that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed; and

d) assumes that MIL had no undisclosed real or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor had any litigation pending or threatened that would have a material effect on our analysis other than those considered for valuation calculation.

5.5 Verification of Information Provided

With the exception of any audited financial statements provided to the RV, the RV has relied on information supplied by MIL without audit or verification. The RV has assumed that all information furnished is complete, accurate and reflects Client's management's good faith efforts to describe the status and prospects of the Client at the valuation date from an operating and a financial point of view. As part of this assignment, the RV has relied upon publicly available data from recognized sources of financial, industry, or statistical information, which have not been verified.

5.6 Subsequent Events

The terms of RV as discussed with the management of the Company are such that the valuer has no obligation to update this report or to revise the valuation because of events and transactions occurring subsequent to the date of the valuation unless the RV is engaged to provide valuations in the future.

5.7 Legal Matters

The RV assumes no responsibility for legal matters including interpretations of either the law or contracts. The RV has made no investigation of legal title and has assumed that all owners' claims to property are valid. The RV has given no consideration to liens or encumbrances except as specifically stated in financial statements provided to us. The RV have assumed that all required licenses, permits, etc. are in full force and effect. The RV assumes that all applicable federal, state, local zoning, environmental and similar laws and regulations have and continue to be complied with by Client. The RV assumes no responsibility for the acceptability of the valuation approaches used in my report as legal evidence in any particular court or jurisdiction. The suitability of RV's report and opinion for any legal forum is a matter for Client and Client's legal advisor to determine.

5.8 Testimony

The RV and its employees, consultants and agents shall not provide any testimony or appear in any legal proceeding unless the valuer coordinates such testimony.