

Kolkata, the 03rd March 2021

To,
The Board of Directors
Kilburn Engineering Limited
4, Mangoe Lane Kolkata 700001
West Bengal

Sub : Valuation of Equity Shares as on 25th February 2021

Ref : Engagement Letter dated 1st March 2021

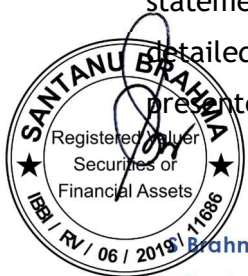
Dear Sirs,

In terms of the abovementioned engagement letter, I understand that **M/s. Kilburn Engineering Limited ("the Company")** is contemplating a proposal for restructuring the credit facility with RBL Bank in terms of the Master Circular on Prudential Framework for Resolution of Stressed Asset bearing no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 issued by the Reserve Bank of India (RBI). As a part of the said restructuring proposal, the Company intends to issue Equity Shares of Face Value INR 10/- each to prospective investors.

For this purpose, the undersigned has been engaged to recommended value of the Equity Shares of INR 10/- each as on **25th February 2021 (hereinafter referred to as "Valuation Date")**.

In the background of the above, I have performed the valuation engagement and present the valuation report, as enclosed herewith, in conformity with the provisions of the Companies Act, 2013, regulations issued by Securities and Exchange Board of India (SEBI), guidelines issued by Reserve Bank of India (RBI) and the Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India (ICAI).

The valuation report, expressing the recommended fair value of the financial instruments, is based on the events and circumstances prevailing as on the 'Valuation Date.' My analysis and recommendation should be understood in the context of my assumptions and the statements made in the annexed report, read along with the applicable legal provisions. A detailed description of the quantitative and qualitative analyses and valuation conclusion is presented in the attached narrative valuation report.



Brahma & Associates
Chartered Accountants

Insolvency Professional

Registered Valuer
Securities or Financial Assets

The valuation report is intended solely for the internal reference and use of the management. Based on the assumptions and limiting conditions as described in the report and most importantly considering the purpose of the valuation, I conclude that -

Financial Instrument	Valuation Approach and Method ^[Note 1]	Fair Value (INR)
Fair Value of 1 (One) no. Equity Shares of INR 10/- each	In the manner laid down in SEBI (ICDR) Regulations, 2018*.	INR 19.62 (Indian Rupees Nineteen and Sixty-Two paisa Only)

* Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

The 'PURPOSE OF THE VALUATION' have a significant bearing on the recommended Fair Value. Use of the recommended Fair Value mentioned in this valuation report for a purpose other than that specified in the report shall be construed as 'out of context' and in such circumstances the undersigned shall hold no responsibility.

A detailed valuation report is appended herewith.

Thanking you

Yours faithfully,



CA Santanu Brahma

Registered Valuer - Securities or Financial Assets

Regn. No. IBBI/RV/06/2019/11686

UDIN: 21062249AAAAAM1661

Enclosed, as above



Brahma & Associates
Chartered Accountants

Insolvency Professional

Registered Valuer
Securities or Financial Assets

VALUATION REPORT

Fair Value of Equity Shares of INR 10/- each

as on 25th February 2021 of

M/s. Kilburn Engineering Limited

CIN: L24232WB1987PLC042956

CA Santanu Brahma

Registered Valuer - Securities or Financial Assets

Regn. No. IBBI/RV/06/2019/11686

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1. Executive Summary

- i) Corporate Identity : **M/s Kilburn Engineering Limited** is a Public Limited company incorporated on 07th September, 1987 bearing CIN: L24232WB1987PLC042956 having its registered office at 4, Mangoe Lane Kolkata 700001 West Bengal, India. The equity shares of the Company are listed in BSE Ltd. (Stock Exchange). (Hereinafter referred to as 'KEL' or 'the Company')
- ii) Business Activity : KEL is engaged primarily engaged in designing, manufacture, installation, and commissioning of Process Equipment's (especially Drying systems) for a wide range of industries including Chemical, Petro-Chemical, Process Offshore, Oil & Gas, Fertilizer, Cement, etc. It also provides Engineering, Procurement, and Construction (EPC) services and process know-how for a wide range of equipment and systems (especially Dryers) across various industries. The scope of activities of the Company, in such turnkey contracts, spans from concept to commissioning (i.e., total project management) and includes detailed engineering, resource planning, procurement, site construction & installation, project commissioning, and plant operation & training.
- iii) Purpose of Valuation : The management of KEL is contemplating a proposal for restructuring the credit facility with RBL Bank in terms of the Master Circular on Prudential Framework for Resolution of Stressed Asset bearing no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 issued by the Reserve Bank of India (RBI). As a part of such restructuring proposal, the Company intends to issue Equity Shares of INR 10/- each to a prospective Investor. For the this purpose, the Company needs a Valuation Report from a Registered Valuer - Financial Assets.
- iv) Valuation Base : Not applicable in terms of paragraph 5 and 6 of the ICAI Valuation Standard 102
- v) Premises of Value : Not applicable in terms of paragraph 5 and 6 of the ICAI Valuation Standard 102



- vi) Valuation Approach : } As per direction laid down in Securities and Exchange Board
vii) Valuation Method : } of India (Issue of Capital and Disclosure Requirements)
Regulations 2018
viii) Valuation Date : 25th February 2021
ix) Conclusion : Based on the assumptions and limiting conditions as described
in this report, as well as the facts and circumstances as on the
valuation date, I conclude that the Fair Value of -

**1 (One) number Equity Shares of INR 10/- each, fully paid up
is INR 19.62/- (Indian Rupees Nineteen and Sixty-Two paisa
Only).**



2. Important Information

2.1 Purpose of Valuation

As represented by the management, I understand that M/s. Kilburn Engineering Limited (“the Company”) is contemplating a proposal for restructuring the credit facility with RBL Bank in terms of the Master Circular on Prudential Framework for Resolution of Stressed Asset bearing no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 issued by the Reserve Bank of India (RBI). As a part of the said restructuring proposal, the Company intends to issue Equity shares of INR 10/- each to prospective Investors.

For this purpose, the undersigned has been engaged to recommended value of the Equity Shares of INR 10/- each as on 25th February 2021 (hereinafter referred to as “Valuation Date”).

2.2 Identity of the Valuer and Details of Appointment

In the background of the above, this assignment has been carried out by me, CA Santanu Brahma, Registered Valuer - Financial Assets or Securities bearing registration no. with IBBI as IBBI/RV/06/2019/11686 on the strength of my engagement letter dated 01.03.2021 dully accepted by Mr. Subir Chaki, Director (DIN: 05174555) on behalf of the Board of Director.

2.3 Valuation Date

The fair value of the Equity Shares of INR 10/- each has been determined as on 25.02.2021.

2.4 Disclosure of Valuer Independence

I am independent of the Company and the professional charges for this report is not contingent in anyway upon the opinion of fair value of the equity shares to be developed. I am not aware of any conflicts of interest, in whatsoever manner, in relation to this assignment.

My engagement does not, in any way preclude the Company from seeking other independent opinions of the fair value of the Company’s shares from other sources.

Further, in this context, I disclose that I am also engaged by the Company (i.e. KEL) for determining the fair value of financial instruments (being Equity Shares and Cumulative Redeemable Preference Shares) for the intended purpose of converting the outstanding credit facilities with RBL Bank in terms of a scheme of restructuring proposed in terms of the Master Circular on Prudential Framework for Resolution of Stressed Asset bearing no.



RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 issued by the Reserve Bank of India (RBI). Considering the variation in '**purpose of the valuation**', the engaged Registered Valuer - Securities or Financial Assets found it prudent to conduct a separate valuation exercise, for better clarity, as the applicable legal provision differs when the 'purpose of valuation' varies.

2.5 Source of Information

The following information and documents have been actively considered during the appraisal process of this assignment.

1. Memorandum and Article of Association of the Company;
2. Management Representation Letter dated 01.03.2021;
3. Engagement Letter dated 01.03.2021;
4. Audited Financial Statement for the year ended 31.03.2020;
5. Unaudited financial results for the period ended 30.09.2020 which has been submitted with BSE Ltd. (Stock Exchange) in terms of Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;
6. Discussions with the Management of the Company and verbal information provided in course of such discussion;
7. Related information available in the public domain from various websites and open sources.



3. Background Information of the Company

3.1 Corporate Information

M/s. Kilburn Engineering Limited ("KEL" or "the Company") is a Public Limited company incorporated on 07th September, 1987 bearing CIN: L24232WB1987PLC042956 having its registered office at 4, Mangoe Lane Kolkata 700001 West Bengal, India. The equity shares of the Company are listed in BSE Ltd. (Stock Exchange).

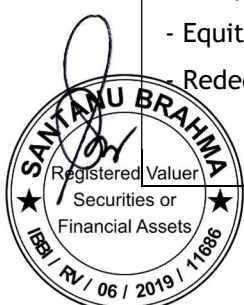
3.2 Nature of Business

KEL is engaged primarily engaged in designing, manufacture, installation, and commissioning of Process Equipment's (especially Drying systems) for a wide range of industries including Chemical, Petro-Chemical, Process Offshore, Oil & Gas, Fertilizer, Cement, etc. It also provides Engineering, Procurement, and Construction (EPC) services and process know-how for a wide range of equipment and systems (especially Dryers) across various industries. The scope of activities of the Company, in such turnkey contracts, spans from concept to commissioning (i.e., total project management) and includes detailed engineering, resource planning, procurement, site construction & installation, project commissioning, and plant operation & training.

3.3 Capital Structure

As represented by the management, that there has been no change in the Capital Structure of the Company as on the valuation date, since the 31.03.2020. Hence I have relied on the Audited Financial Statement for the year ended 31.03.2020, for this purpose. The capital structure as on the valuation date is as follows -

Particulars	Numbers	Amt in INR Lacs
Authorized Share Capital:		
- Equity Shares of face value INR 10/- each	2,17,47,900	21,74.79
- Redeemable Preference Shares of face value INR 10/- each	82,52,100	8,25.21
Total :		30,00.00
Issued, Subscribed and Paid up Capital:		
- Equity Shares of face value INR 10/- each	1,32,55,768	13,25.58
- Redeemable Preference Shares of face value INR 10/- each	-	-
Total :		13,25.58



3.4 Ownership

The major equity shareholders representing more than 5% holding in the Company, as on the valuation date, are as follows -

Sl. No.	Name of the Shareholder	Number of Shares	% of Holding
1.	Williamson Magor & Co. Limited	43,19,043	32.58
2.	Bishnauth Investments Limited	14,54,200	10.97
3.	United Machine Co. Limited	9,29,126	7.01
4.	McLeod Russel India Limited	8,48,168	6.40
	Total :	75,50,537	56.96
5.	Other Shareholders having <5% holding	57,05,231	43.04
	Total	1,32,55,768	100.00

The above information has been retrieved from the audited financial statement for the year ended 31.03.2020. In this regard, it has been represented by the management, that there was no change in the shareholding pattern of the majority shareholders of the Company, represented more than 5% shareholding, as on the valuation date, since the 31.03.2020. Hence I have relied on the Audited Financial Statement for the year ended 31.03.2020, for this purpose.

The equity shares of the Company are also listed with BSE Ltd. (Stock Exchange). The shareholding pattern retrieved from the BSE (www.bseindia.com) for the quarter ended 31.12.2020 is as follows -

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	12	80,05,038	80,05,038	60.39	80,05,038	60.39	80,05,038
(B) Public	7,425	52,50,730	52,50,730	39.61	52,50,730	39.61	50,06,791
(C1) Shares underlying DRs	-	-	-	0	-	0	-
(C2) Shares held by Employee Trust	-	-	-	0	-	0	-
(C) Non Promoter-Non Public	-	-	-	0	-	0	-
Grand Total	7,437	1,32,55,768	1,32,55,768	100	1,32,55,768	100	1,30,11,829



3.5 Board of Directors

The Board of Directors of the Company comprises of the following persons -

Sl. No.	Name	Designation
1.	Mr. Aditya Khaitan (DIN: 00023788)	Director
2.	Mr. Amritanshu Khaitan (DIN: 00213413)	Director
3.	Mr. Mahesh Shah (DIN: 00405556)	Director
4.	Mr. Arundhuti Dhar (DIN: 03197285)	Director
5.	Ms. Subir Chaki (DIN: 05174555)	Director
6.	Ms. Amitav Roychoudhury (DIN: 08501895)	Director
7.	Mr. Arvind Kumar Bajoria (PAN: AKAPB2327H)	Key Management Personnel
8.	Mr. Sachin Jaibal Vijayakar (PAN: AABPV7157Q)	Key Management Personnel

3.6 Prevailing Circumstances

The following prevailing circumstances have significant influence over the assessment and value determination of this valuation exercise.

- (a) KEL is a public company limited by shares and is listed with BSE Ltd. (Stock Exchange).
- (b) The Company has defaulted in repayment of loans with Bank and according have made the following disclosures, in terms of Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated 21.11.2019 issued by SEBI, with BSE Ltd. on 09.04.2020 and subsequently on 06.01.2021.

Screenshot extract of disclosure made and available under 'Corporate Announcement' section of BSE website (www.bseindia.com) under security name: KLBRENG-B bearing code - 522101 and ISIN - INE338F01015.

522101 Quarterly Disclosures By Listed Entities Of Defaults On Payment Of Interest/ Repayment Of Principal Amount On Loans From Banks / Financial Institutions And Unlisted Debt Securities
Exchange Received Time 06-01-2021 17:05:28 Exchange Disseminated Time 06-01-2021 17:05:30 Time Taken 00:00:02

522101 Disclosures By Listed Entities Of Defaults On Payment Of Interest/ Repayment Of Principal Amount For Loans Including Revolving Facilities Like Cash Credit From Banks / Financial Institutions
Exchange Received Time 09-04-2020 18:08:55 Exchange Disseminated Time 09-04-2020 18:09:22 Time Taken 00:00:27

- (c) I further observe that, as per the report dated 30.04.2020 issued by Care Ratings Ltd., the rating of the 'Long-Term Bank Facilities - Term Loan' availed by the Company have been downgraded to 'Care D.'

- (d) As represented by the management, that the Company is contemplating a proposal of restructuring the defaulted credit facility with RBL Bank in terms of the Master Circular on Prudential Framework for Resolution of Stressed Asset bearing no. RBI/2018-19/203



DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 issued by the Reserve Bank of India (RBI).

- (e) As represented by the management, the Company proposes to restructure the defaulted term loan outstanding, partly, by issuing the following 'financial instruments' in terms of the direction laid down in the Master Circular on Prudential Framework for Resolution of Stressed Asset bearing no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 issued by the Reserve Bank of India (RBI). The said proposal also includes a proposal of infusion of fresh capital in the Company by way of issue of Equity Share Capital of INR 10/- each to a prospective Investor. The proposal is under active consideration of RBL Bank Ltd. i.e. the lender.

The 'financial instruments' proposed to be issued by way of conversion of the defaulted term loan outstanding amount are as follows -

- i) Equity Shares of the Company having face value of INR 10/- each;
- ii) 0.01% Cumulative Redeemable Preference Shares (CRPS) having face value of INR 10/- each. The terms of the proposed issue of CRPS are as follows -
 - Coupon Rate of 0.01% payable at the end of every quarter from the date of subscription;
 - CRPS equivalent to around INR 10 Cr shall be repaid to bank within 3 (three) months of implementation of the proposed restructuring plan;
 - CRPS equivalent to around INR 7.75 Cr shall be repaid to bank within 168th month (~ 14 years) of implementation of the proposed restructuring plan;
 - CRPS equivalent to balance amount of around INR 7.75 Cr shall be repaid to bank within 180th month (~15 years) of implementation of the proposed restructuring plan.

- (f) It has also been represented that as per the propose restructuring scheme, the existing term loan shall be restructured to a new Term Loan (i.e. the residual debt) which shall carry interest @ 9% p.a. being linked to 6 months MCLR of RBL Bank Ltd.

- (g) As on the valuation date, no Preference Shares have been issued by the Company. The Company is looking forward for issuing the Preference Shares for partly converting its overdue loan liability.



- (h) As per management representation, I rely on the fact that the lenders i.e. RBL Bank Ltd. have classified the accounts of the Company as 'Non-Performing Assets' (NPA) in accordance with the directives issued by Reserve Bank of India (RBI) in the matter.

3.7 Applicable Legal Provisions, Guidelines and Directives

Considering the purpose of valuation (as detailed in clause 2.1 above) and the prevailing circumstances (as detailed in clause 3.7 above), I understand that the following legal provisions, guidelines and directives shall apply for the purpose of this valuation exercise -

(a) Section 62(1)(c) of the Companies Act, 2013

Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(a) ... (specifies matters relating to Rights issue) ...

(b) ... (specifies matters relating to ESOPs) ...

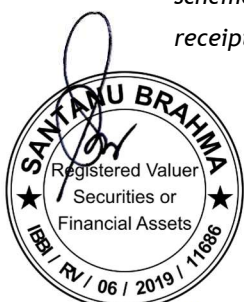
(c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.

(b) Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014

For the purposes of clause (c) of sub-section (1) of section 62, If authorized by a special resolution passed in a general meeting, shares may be issued by any company in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 and such issue on preferential basis should also comply with conditions laid down in section 42 of the Act:

Provided that the price of shares to be issued on a preferential basis by a listed company shall not be required to be determined by the valuation report of a registered valuer.

Explanation - For the purposes of this rule, (i) the expression 'Preferential Offer' means an issue of shares or other securities, by a company to any select person or group of persons on a preferential basis and does not include shares or other securities offered through a public issue, rights issue, employee stock option scheme, employee stock purchase scheme or an issue of sweat equity shares or bonus shares or depository receipts issued in a country outside India or foreign securities;



(c) Regulation 164A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018

- For sake of brevity, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 hereinafter referred to as “SEBI (ICDR) Regulations, 2018.”
- Chapter V of the SEBI (ICDR) Regulations, 2018 deals with Preferential Issue
- Considering the prevailing circumstances (as detailed in clause 3.6 above) and the purpose of valuation (as detailed in clause 2.1 above), I am of the opinion that the provision of Regulation 164A of SEBI (ICDR) Regulations, 2018 dealing in “Pricing in preferential issue of shares of companies having stressed assets” shall apply. The verbatim representation of the said regulation is as follows -

164A (1) In case of frequently traded shares, the price of the equity shares to be allotted pursuant to the preferential issue shall not be less than the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

(2) No allotment of equity shares shall be made unless the issuer company meets any two of the following criteria:

- a) the issuer has disclosed all the defaults relating to the payment of interest/ repayment of principal amount on loans from banks / financial institutions / Systemically Important Non-Deposit taking Non-banking financial companies/ Deposit taking Non-banking financial companies and /or listed or unlisted debt securities in terms of SEBI Circular dated November 21, 2019 and such payment default is continuing for a period of at least 90 calendar days after the occurrence of such default;*
- b) there is an Inter-creditor agreement in terms of Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 07, 2019;*
- c) the credit rating of the financial instruments (listed or unlisted), credit instruments / borrowings (listed or unlisted) of the listed company has been downgraded to “D”.*

(3) The issuer company making the preferential issue shall ensure compliance with the following conditions:

- a) The preference issue shall be made to a person not part of the promoter or promoter group as on the date of the board meeting to consider the*



preferential issue. The preference issue shall not be made to the following entities:

- (i) undischarged insolvent in terms of the Insolvency and Bankruptcy Code, 2016;*
- (ii) 'wilful defaulter' as per the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949;*
- (iii) person disqualified to act as a director under the Companies Act, 2013;*
- (iv) a person debarred from trading in securities or accessing the securities market by the Board;*

Explanation: The restriction under (iv) shall not apply to the persons or entities mentioned therein who were debarred in the past by the Board and the period of debarment is already over as on the date of the board meeting considering the preferential issue.

- (v) a person declared as a fugitive economic offender;*
- (vi) a person who has been convicted for any offence punishable with imprisonment-*

A. For two years or more under any Act specified under the Twelfth Schedule of the Insolvency and Bankruptcy Code, 2016

B. For seven years or more under any law for the time being in force:

Provided that such restriction shall not be applicable to a person after the expiry of a period two years from the date of his release from imprisonment.

- (vii) A person who has executed a guarantee in favour of a lender of the issuer and such guarantee has been invoked by the lender and remains unpaid in full or part.*

(4) The resolution for the preferential issue and exemption from open offer shall provide for the following:

- a) The votes cast by the shareholders in the 'public' category in favour of the proposal shall be more than the number of votes cast against it. The proposed allottee(s) in the preferential issue that already hold specified securities shall not be included in the category of 'public' for this purpose:*

Provided that where the company does not have an identifiable promoter; the resolution shall be deemed to have been passed if the



votes cast in favour are not less than three times the number of the votes, if any, cast against it.

(5) The proceeds of such preferential issue shall not be used for any repayment of loans taken from promoters/ promoter group/ group companies. The proposed use of proceeds shall be disclosed in the explanatory statement sent for the purpose of the shareholder resolution.

(6) a) The issuer shall make arrangements for monitoring the use of proceeds of the issue by a public financial institution or by a scheduled commercial bank, which is not a related party to the issuer:

(i) The monitoring agency shall submit its report to the issuer in the format specified in terms of Schedule XI (with fields as applicable) on a quarterly basis until at least ninety-five percent of the proceeds of the issue have been utilized.

(ii) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in Schedule XI.

(iii) The issuer shall, within forty-five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website as well as submit the same to the stock exchange(s) on which the equity shares of the issuer are listed.

b) The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.

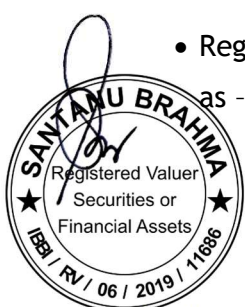
(7) The allotment made shall be locked-in for a period of three years from the last date of trading approval.

(8) The statutory auditor and the audit committee shall certify that all conditions under sub-regulations (1), (2), (3), (4) and (5) of regulation 164A are met at the time of dispatch of notice for general meeting proposed for passing the special resolution and at the time of allotment.

- Regulation 164(5) of SEBI (ICDR) Regulations, 2018 defines “frequently traded shares”

as -

For the purpose of this Chapter, “frequently traded shares” means the shares of the issuer, in which the traded turnover on any recognized stock exchange



during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.

Explanation: For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding twenty-six weeks prior to the relevant date.



4. Valuation Bases and Premises of Value

ICAI Valuation Standard 102 (paragraph 14 - 36) deals in 'Valuation Bases.' Valuation Bases means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value.

ICAI Valuation Standard 102 (paragraph 37 - 51) deals in 'Premises of Value.' Premise of Value refers to the conditions and circumstances how an asset is deployed.

In the background of the purpose of valuation, I understand that the provision of the ICAI Valuation Standard (VS) 102 shall not apply to this valuation assignment. Paragraph 5 and 6 of ICAI VS 102 deals with the 'Scope' of applicability of the standard which specifies that VS is not applicable where adoption of valuation bases that are prescribed by a Statute, or Regulations.



5. Valuation Approaches and Methods

ICAI Valuation Standard 103 deals in 'Valuation Approaches and Methods.'

In the background of the purpose of valuation, I understand that the provision of the ICAI Valuation Standard (VS) 103 shall not apply to this valuation assignment. Paragraph 4 to 7 of ICAI VS 102 enumerates the 'Scope' of applicability of the standard which specifies that VS is not applicable where adoption of valuation bases that are prescribed by a Statute, or Regulations.

5.1 Determination of the Valuation Approach and Method

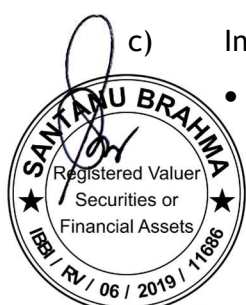
Considering the prevailing circumstances and purpose of valuation, the Valuation Approach and Method have been adopted on the basis of the following rationale -

- a) As per Section 62(1)(c) of the Companies Act, 2013 (refer clause 3.7(a), above) read along with Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014 (refer clause 3.7(b), above), I understand that the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) shall apply.
- b) Based on the data retrieved from the BSE Ltd. (www.bseindia.com, the recognized stock exchange, where the equity shares of KEL is listed), I understand that equity shares of INR 10/- each of KEL is a "*frequently traded shares*" in terms of the Regulation 164(5) of the SEBI (ICDR) Regulations 2018 (refer clause 3.7(c), above).

Traded turnover on BSE Ltd. (recognized stock exchange) during the twelve calendar months (March, 2020 to February, 2021) preceding the relevant date (i.e. 25.02.2021)	17,89,595 numbers of Equity Shares Traded
Total number of shares of such class of shares of KEL (the issuer)	1,32,55,768 numbers of Equity Shares of INR 10/- each
% of Traded Turnover to Total number of shares	13.5%
Conclusion in terms of Regulation 164(5) of SEBI (ICDR) Regulations 2018	FREQUENTLY TRADED SHARES

- c) In the back ground of the above, I further observe that -

- KEL has defaulted in repayment of loans with RBL Bank and according have made disclosures with BSE Ltd. in terms of SEBI Circular. Refer clause 3.6(a), above for details.



- Care Ratings Ltd. have been downgraded the rating to 'Care D' as evident from their report dated 30.04.2020 in respect of 'Long-Term Bank Facilities - Term Loan' availed by the Company.

In view of the above, KEL has satisfactorily met the conditions as put forward in Regulation 164A(2) of SEBI (ICDR) Regulations 2018.

- d) In view of the foregoing context laid down in clause (a), (b) and (c) above, I conclude that the valuation of the Equity Shares of INR 10/- each of KEL shall attract the pricing norms laid down in Regulation 164A(1) of SEBI (ICDR) Regulations 2018.

However, the above conclusion is based on the assumption and assurance of the management that the other non-financial conditions (on which the Registered Valuer have limited influence) as set out in Regulation 164A of SEBI (ICDR) Regulations 2018 shall be satisfactorily complied with. In case of any discrepancies in compliance of such conditions then the conclusion, as stated above, shall stand void and the valuation thus determined shall be deemed to be 'out-of-context.'



6. Determination of the Value

6.1 Fair Value of Equity Shares of INR 10/- each

With reference to the conclusion made in the clause 5.1(d) above, the fair value of the Equity Shares of INR 10/- of KEL is determined in accordance to the provision of Regulation 164A(1) of SEBI (ICDR) Regulations 2018, which is as follows -

“the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.”

Based on the following data retrieved from BSE Ltd., the fair value of Equity Shares of INR 10/- each is **INR 19.62** (Indian Rupees Nineteen and Sixty-Two Paise Only).

	High	Low	Average
Volume Weighted Average Price (VWAP) for the period 24.02.2021 to 18.02.2021 (Week 1)	19.25	18.97	19.11
Volume Weighted Average Price (VWAP) for the period 17.02.2021 to 11.02.2021 (Week 2)	20.73	19.54	20.13
Average of the weekly high and low of the VWAP during the two weeks preceding the relevant date (i.e 25.02.2021)			19.62

Source:

<https://www.bseindia.com/markets/equity/EQReports/StockPrcHistori.aspx?expandable=7&scripcode=522101&flag=sp&Submit=G>

6.2 Conclusion: Recommended Value

Financial Instrument	Fair Value (INR)
Fair Value of 1 (One) no. Equity Shares of INR 10/- each	INR 19.62 (Indian Rupees Nineteen and Sixty-Two Paise Only)



7. Major Factors influencing Valuation

The major factors having significant bearing on the Valuation process are as follows -

- (a) The valuation of the financial instruments is being made on the basis of a proposed scheme of restructuring as per representation of the management to the extent explicitly mentioned hereinabove. Any change in the terms of the restructure from that mentioned shall have material impact on the valuation recommended hereinabove and in such circumstances the value stated in this report shall not hold good.
- (b) Application of the valuation approach and methodology made hereinabove is made on the assurance from the management that the procedural formalities and other non-valuation related conditions essential for applicability of the relevant statutory provision or directives shall be complied with during the course of issue of the equity shares for the purpose specified in this valuation report. Any non-compliance of the condition specified by the relevant authority shall invalidate the valuation approach and methods adopted hereinabove and in such circumstances the value recommended in this report shall no longer be valid.
- (c) Any change in the facts represented by the management and relied upon by the Registered Valuer, which is explicitly mentioned hereinabove, shall have material bearing on this valuation engagement. In such circumstances the value recommended in this report shall no longer be valid.

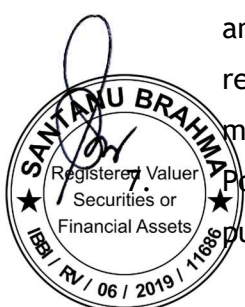


8. Contingent and Limiting Conditions

This valuation / appraisal is made subject to the following general contingent and limiting conditions:

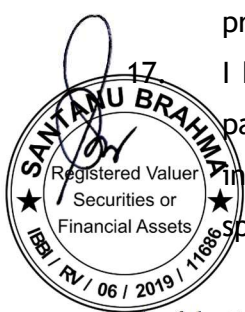
1. The analyses, opinions, and conclusions presented in this report apply to this engagement only and may not be used out of the context presented herein. This report is valid only for the effective date specified herein and only for the purpose specified herein.
2. Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, I have not independently verified such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.
3. The company and its representatives have assured me that the information supplied to me is complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with the generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification.
4. Financial information of the subject company is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for any other purpose. Because of the limited purpose of the information presented, it may be incomplete and contain departures from the generally accepted accounting principles. I have not audited or reviewed the financial statement and express no assurance on the same. This report is only to be used for the purpose stated in this report.
5. I do not provide assurance on the achievability of the results forecast by the client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
6. The conclusion of value arrived at herein is based on the assumption 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 owner's participation would not materially or significantly changed.

Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other



than those enumerated in this report without my written consent. This report and the conclusion of the value arrived at herein are for the exclusive use of the client for the sole and specific purposes as noted herein.

8. The report and the conclusion of the value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents my considered opinion, based on information furnished to them by the client and other sources.
9. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without my prior consent and approval.
10. This valuation reflects the facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and I have no obligation to update my report for such events and conditions.
11. The analyst, by reason of this valuation, is not required to give further consultation, testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
12. My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
13. No change in any item in this valuation/conclusion report shall be made by anyone other than me and I shall have no responsibility for any such unauthorized change.
14. It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report.
15. I assume no responsibility concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this respect.
16. Prospective financial information approved by management has been used in my work, I have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions.
17. I have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business and any other assets or liabilities, except as specifically stated to the contrary in this report.



18. I have made no investigation of title to property and assume that the owner's claim to the property is valid. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.
19. I understand no materials event has occurred between the Valuation date and the report signing date which is likely to materially affect the value of the assets. The management did not disclose the existence of any such material event, to me before signing this valuation report.

