

**Valuation Report for Determination of
Fair Value of Equity Shares of
LOYAL EQUIPMENTS LIMITED**

Neha Bhandari

Registered Valuer –Securities or Financial Assets

IBBI Reg. No.: IBBI/RV/16/2021/14449

Neha Bhandari

Registered Valuer

To
Audit Committee,
Loyal Equipments Limited
Block No.35/1-2-3-4 Village - Zak,
Gandhinagar, Dahegam- 382330,
Gujarat, India

17 August 2024

Subject: Opinion on Fair Value of Equity Shares of “ Loyal Equipments Limited ” as per SEBI (ICDR) Regulations

Dear Sir/ Madam,

We refer to the engagement letter dated **15 August 2024** and the discussions undertaken with the Management of Loyal Equipments Limited (hereinafter referred to as ‘LEL’ or ‘the Company’) wherein the Management of LEL has requested Neha Bhandari, IBBI Registered Valuer– Securities or Financial Assets (referred to as ‘RV’) to determine fair value of Equity Shares of LEL as on **14 August 2024** (" Valuation Date").

The Management has informed that the Company is considering to issue equity shares on a preferential basis to certain shareholders/investors. As the Company is listed on BSE Limited, it need to comply with Regulation 164 of SEBI (ICDR) Regulations. Therefore, the Company is required to obtain the valuation report from independent Registered Valuer for determining the issue price.

Based on our valuation analysis of equity shares of Loyal Equipments Limited, I hereby certify that the fair value of per equity share as on 14 August 2024 is **INR 210.03/-**. The value determined herein should be considered as the floor price/minimum price to allot shares on a preferential basis to investors.

This report sets out our scope of work, background, sources of information, procedures performed by us, key value considerations and our opinion on the fair value of the equity shares. I have summarized the valuation analysis of the company as on the valuation date together with the description of the purpose, methodologies used and limitations on our scope of work in accordance with the Valuation Standard issued by the Institute of Chartered Accountants of India and Internationally Accepted Valuation principles.

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Our analysis and report are in conformity with the “ICAI Valuation Standards” (IVS) issued by the Institute of Chartered Accountants of India. In addition to the general standards/ guidelines of the IVS, our report specifically complies with ICAI Valuation Standards.

Because of the limited purpose of this report, the financial information presented in this report may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled the financial information provided by the management and express no assurance on it. Had we audited or reviewed the financial information, matters may have come to our attention that could have resulted in our use of the amounts that differ from those provided. Accordingly, we take no responsibility for the underlying data presented in this report.

I am pleased to present here with our report on the same. We are thankful to the Management of the company for their kind co-operation extended during the course of this assignment.

Yours Sincerely,

Neha Bhandari

Neha Bhandari

Registered Valuer- SFA

IBBI Reg. No.: IBBI/RV/16/2021/14449

UDIN: 24407560BKBLJC4643

Date: 17 August 2024

Place: Jaipur



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Executive Summary:

Valuation Date	14 August 2024
Date of Report	17 August 2024
Purpose of Valuation	Regulatory purpose
Base of Valuation	Fair Value
Premise of Valuation	Going Concern
Variation from Standard Assumptions	None
Special Assumptions	None
Capacity & Status of Valuer	External-Neha Bhandari (RV-S&FA) IBBI Registration No. : IBBI/RV/16/2021/14449
Independence	The total fees, including the fee for this assignment earned from the instructing party are less than 10% of our total annual revenues.

Fair Value :

Based on our study and analytical review procedures subject to the limitations expressed within this report, in our opinion the fair value of the equity shares of LEL as on valuation date is **INR 210.03** /- per equity share of face value of **INR 10**/- each.

The above executive summary is to be read in conjunction with the valuation report to which it forms part of and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Introduction of the Company

Loyal Equipments Limited was incorporated on 20 April 2007 as a public limited company. It is a listed public company and having its registered office at Block No.35/1-2-3-4 Village - Zak, Gandhinagar, Dahegam- 382330, Gujarat, India. It is listed on the BSE Main Board Platform and is registered at Registrar of Companies, Ahmedabad. Corporate Identification Number of the Company is L29190GJ2007PLC050607, and its registration no. is 050607.

Loyal equipments limited is ISO certified, ASME “U” & “U2” Stamp holder, one of the known reputed company in India for design, manufacturing, supply and erection/commissioning of process equipments like Pressure vessels, Air cooled heat exchanger, Shell & tube heat exchanger, Storage tanks, Pressure receivers, Chimney, Heavy structural items, Skids, Base plates and other items for Oil/Gas, petroleum, chemical, sugar, steel, fertilizers and power plant sector.

Existing Capital Structure

The authorized equity share capital of the company is INR 15,00,00,000 divided into 1,50,00,000 Equity Shares having face value of INR 10 each. LEL fully paid-up equity share capital is INR 10,20,00,000 divided into 1,02,00,000 equity shares of INR 10 each.

Ownership Structure

The ownership structure of LEL as at the report date is set out below:

Sr. No.	Category	% of Shares held
1	Promoter & Promoter Group	73.53
2	Public	26.47
Total		100

Management Structure

The Board of Directors of LEL as at the report date is set out be

S No	Din/Pan	Name Of Director	Designation	Begin Date
1	09296895	Helena Alkeshkumar Patel	Whole-time Director	28/08/2021
2	01307770	Jyotsanaben Rameshchandra Patel	Whole-time Director	20/04/2007
3	00116495	Babubhai Bhulabhai Patel	Director	11/06/2015
4	02824731	Girish Nathubhai Desai	Director	11/06/2015
5	07210197	Kalpesh Lalitchandra Joshi	Director	12/06/2015
6	02672297	Alkesh Rameshchandra Patel	Managing Director	20/04/2007

Purpose of Valuation Exercise

Scope of Work

Based on discussion with the management, we understand that the Company wants to issue Equity Shares to the existing/proposed investors. In this context, the management requires our assistance in determining the fair value of equity of the company. As requested by the management, we have undertaken the value analysis of the equity shares of the Company on an 'as is where is', going concern basis, as at **14 August 2024('Valuation Date')** under Companies Act 2013 and in accordance with **Regulations 164 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR")**.

Compliance with Valuation Standards and Valuation Basis

- Our analysis and report are in conformity with the "ICAI Valuation Standards" (IVS) issued by the Institute of Chartered Accountants of India. In addition to the general standards/ guidelines of the IVS, our report specifically complies with ICAI Valuation Standard 102 - Valuation Bases (IVS 102), ICAI Valuation Standard 103 – Valuation Approaches and Methods (IVS 103), ICAI Valuation Standard 201 - Scope of Work, Analyses and Evaluation (IVS 201), ICAI Valuation Standard 202 - Reporting and Documentation (IVS 202) and ICAI Valuation Standard 301 - Business Valuation (IVS 301).
- The valuation basis used in arriving at valuation conclusion is 'Fair Value'. *'Fair value' is defined by IVS102 as "the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the valuation date."*
- IVS 102 defines 'orderly transaction' as *" a transaction that assumes exposure to the market for a period before the valuation date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities and it is not forced transaction. The length of exposure time will vary according to the type of asset and market conditions."*

- IVS 102 further defines 'Market participants' as "willing buyers and willing sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics:
 - ❖ they are independent of each other, that is, they are not related parties as defined under applicable accounting framework and set of reporting/ accounting standards therein, although the price in a related party transaction may be used as an input to a fair value measurement if the entity has evidence that the transaction was entered into at market term
 - ❖ they are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information, including information that might be obtained through due care that is usual and customary
 - ❖ they are able to enter into a transaction for the asset or liability; and
 - ❖ they are willing to enter into a transaction for the asset or liability, i.e., they are motivated but not forced or otherwise compelled to do so."

Base & Premise for Valuation

- As per ICAI Valuation Standards 102, Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the valuer to identify the bases of value pertinent to the engagement. This Standard defines the following valuation bases: Fair value, Participant specific value and Liquidation value.
- As the Company is on going concern basis, RV has decided to choose Fair Value as base of valuation. 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.
- Premise of Value refers to the conditions and circumstances how an asset is deployed. This valuation is performed on the premise that the Company will continue to operate as a going concern. IVS 102 defines 'going concern value' as *"the value of a business enterprise that is expected to continue to operate in the future."*

The relevant extract of Section 62 (1)(C) of the Companies Act, 2013 is as under:

Further issue of share capital.— (1) 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—

(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.

This report has been issued in accordance with section 247 of Companies Act 2013, which provides statutory backing to the Valuation, which requires that in respect of valuation of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it should be valued by a person having such qualification and experience and registered as valuer in such manner as may be prescribed.

In view of the above background, Registered Valuer understands that the purpose of this report is to determine the fair value of equity shares of LEL that will be allotted to the investors in accordance with the requirement of section 62(1)(c) of the Companies Act, 2013, which states that when a company proposes to issue new shares, the price of such shares should be determined by the valuation report of a Registered Valuer.

SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018

Extract of the Regulation 164 are as under:

Regulation 164 : Pricing of Frequently traded shares

1. 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:
 - the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
 - the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised 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.

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 240 trading days 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.

Appointment & Identity of Valuer

Appointing Authority, Appointment date, Valuation date and Report date:

As per Section 247 of The Companies Act, 2013, Audit Committee of LEL appointed Neha Bhandari (Registered Valuer) on 15 August 2024 for valuation of equity shares as on valuation date 14 August 2024 . The valuation report is issued on 17 August 2024.

Identity of the Valuer:

Neha Bhandari is a Registered Valuer (Securities or Financial Asset class) as required under The Companies (Registered Valuers & Valuation) Rules, 2017. Neha Bhandari is registered with Insolvency & Bankruptcy Board of India vide registration number IBBI/RV/16/2021/14449. Neha's primary membership is registered with AaRVF Registered Valuers Organization vide registration no. AaRVF/M/SorFA/188. RV's Permanent Account Number (PAN) is AMWPB2180N . RV is a practicing Chartered Accountant having ICAI membership number 407560.

Disclosure of Valuer Interest:

I have no present or prospective contemplated financial interest in LEL nor any personal interest with respect to the Promoters & Audit Committee of LEL. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement. My professional fee for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

Intended Users of The Report:

This Valuation Report is confidential and has been prepared exclusively for Audit Committee of LEL. It should not be circulated or reproduced to any other person for any purpose other than as mentioned above, without the prior consent of the valuer. This Valuation report should not be construed as investment advice, specifically we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

Sources of Information

Our expression of the opinion on the fair value of the Company is supported by all procedures that we deem to be relevant. We have obtained sufficient information in accordance with IVS 201- 'Scope of Work, Analyses and Evaluation', and relied on the data, facts, information, documents, and explanations as authenticated, and provided to us by the Management. The scope of this valuation included a review of the Company's historical financial statements, other financial and non-financial data.

We have fully relied on the information provided by the company and do not vouch for the accuracy of the information as is provided to us by the management of LEL. Our opinion was based on the information listed below:

- ❖ Brief background about business of the Company
- ❖ Incorporation documents, Memorandum of Association and Articles of Association
- ❖ Equity share trading details for last 240 trading days before valuation date;
- ❖ Provisional financial statements of the Company for the financial year as on 14 August 2024.
- ❖ Financial statements of the Company for the financial year 2023-2024
- ❖ Financial projections of the company for 5 years 7 months and 17 days from 15 August 2024 to 31 March 2030 prepared and certified by the management of the company
- ❖ Shareholding pattern of the company as on valuation date
- ❖ Estimated capital expenditure during the Projected Period.
- ❖ Written Representations made by the Management of the company
- ❖ Discussions and correspondence with the Management in connection with business operations, past industry and company trends, proposed future business plans and prospects both for company & industry, realizability of assets, business drivers & risks etc.
- ❖ Information available in public domain and databases such as MCA, Capitaline, Bombay Stock Exchange etc.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Client or other public available sources. Supporting data, copies of source documents and other pertinent information supporting our opinion of value are maintained in our files.

Procedures adopted in carrying out the Valuation

Process Flow :Receipt of proposal for valuation includes

- Discussion with the management and acceptance of the proposal
- Receipt of intimation about appointment and acceptance of proposal
- Execution of valuation engagement letter and providing the checklist for required information, documents, and records
- Receipt of information, documents as per the checklist
- Cross verification of data with concerned officials of the company for clarifications/explanations.
- Determining valuations approach, techniques, and methods in compliance with applicable standards
- Valuation synthesis & revisiting the assumptions and decision made
- Report preparation and its validation.

Limitation of Verification

Our valuation report and analysis are subject to the assumptions and limiting conditions as mentioned in **Annexure A** of the report.

- The relevant information for the purpose of this valuation has been provided by the Management. We do not make any representations or warranty, express or implied, regarding the achievability/accuracy of the forecasts and accuracy/completeness of such other information as provided by the Management.
- The relevant information & support documents provided by the Management have not been independently verified by us with any third party or any other sources and are believed to be true and reliable. The information contained herein is based on the analysis of information known or knowable as of the valuation date.
- Unless stated otherwise, industry and market data used in this report have been obtained from market research, publicly available information & industry publications.
- In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Company, their management, employees or agents. In no circumstances shall the liability of registered valuer relating to services provide in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for those services.

Valuation Approaches & Methodologies

Valuation Approaches

In order to value the Company, we considered three approaches to valuation, as provided under the *IVS 103 – Valuation Approaches and Methods*: the market approach, the income approach and the asset approach. We have reviewed and analyzed several methods and their results to determine which methods would generate the most reasonable opinion of value of the Company's operations as on the Valuation Date. After careful consideration of each method's underlying assumptions and variables that were utilized, we have considered all the three approaches i.e. market approach, income approach and assets approach to ascertain fair value which would provide the most appropriate indication of the fair value of the Company since it is listed on the stock exchange.

A description of these methods and the methods considered but not used are included within this report. Both internal and external factors, which influence the value of the Company have been reviewed, analyzed, and interpreted. Internal factors included financial position and results of operations of the Company. External factors included, among other things, the status of the economy and the position of the Company relative to the industry.

A brief explanation of each valuation approach is provided below:

Income Approach

The income approach provides an estimate of the present value of the monetary benefits expected to flow to the owners of the business. It requires the projection of the cash flows that the business is expected to generate. These cash flows are then converted to their present value by means of discounting, using a rate of return that accounts for the time value of money and the appropriate degree of risk in the investment. The value of the business is the sum of the discounted cash flows.

Market Approach

Market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. It considers actual arm's-length transactions for which the market value of investments alternative to the subject company can be observed. The value of a company or an ownership interest in the company can be estimated by developing relevant multiples for the comparative companies that relate value to underlying revenue, earnings, or cash flow variable, and then applying these multiples to the comparable underlying revenue, earnings, or cash flow variable for the subject company. The value multiples can be derived from guideline public company and guideline transactions of the publicly traded company or private companies.

Cost (Asset-Based) Approach

The asset-based (net underlying assets) approach is a form of the cost approach. The values of the individual assets (i.e., current, fixed, and intangible) of the business are estimated. The sum of the individual asset values represents the total asset value of the enterprise. The enterprise's liabilities related to working capital are deducted to arrive at an indication of value for the invested capital of the business. Since the cost approach does not always reflect the full value of intangible assets, it is often inappropriate to value an operating business completely on the basis of this approach without giving weights to other valuation methods. Cost approach may be relevant to the value of an operating business that is not sufficiently profitable and whose "breakup" values may be greater than its going concern value.

Valuation Methodologies

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. Different methodologies are adopted for the valuation of manufacturing, investment, consultancy and trading companies. Though there are no thumb rules for valuation, the method to be adopted has to be appropriate to the particular purpose for which valuation is being done as well as the attendant circumstances of each case. For example, a manufacturing company is generally valued on the combination of asset value and the earning potential of the business. An investment company is valued based on the fair market value of underlying assets.

However, the value is specific to the point in time and may change with the passage of time. The value is derived in the context of an existing environment that includes economic conditions, state of industry/market and state of business activities of companies being valued etc. as on the appointed date of valuation. The basis of valuation would depend upon the purpose of valuation, the type of business, the prospects and other attendant circumstances.

Method of Valuation

There are several commonly used and accepted methods for determining the value of business/shares of the company, which would be applied to the present case, to the extent relevant and applicable, such as:

Income Approach - Discounted Free Cash Flow Method (DCF)

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with an indefinite life. The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc. This method involves discounting of future cash flows expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value. The important inputs for the DCF method are (1) Cash flows; (2) Discount rate; and (3) Terminal value.

Market Approach -Comparable Company Multiples Method (CCM)

Under the CCM Method, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies, that is, valuation based on multiples benchmark to the multiples of similar assets in the industry. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

This method involves reviewing valuation multiples for companies that are in the same or similar line of business as the company being valued and then applying the relevant valuation multiples to the subject company to determine its value. The theory behind this approach is that valuation measures of similar companies, as manifested through stock market valuations of listed comparable companies, should represent a good proxy for the specific company being valued. Depending on the source of data available and the underlying company being valued, a variety of valuation measures might be used including Enterprise Value (EV) to Sales, EV to EBITDA, Price to Earnings, etc.

Asset Approach - Net Asset Value Method (NAV)

The net asset value method is an asset-based approach to valuation where the value of the business is based on the difference between the fair market value of the assets and liabilities of the business. This method is a sound method for estimating the value of a non-operating business, such as real estate holding company, or a business that is continuing to generate losses, or which is expected to be liquidated. Net Asset Value Method is also considered appropriate, where the future cash flows / commercial operations of the valued company cannot be reasonably ascertained.

Valuation Exercise & Working

Valuation of the Company via Market Approach : Market Price Method

The three approaches discussed in previous section of the report are internationally accepted valuation approaches and used globally for valuations. After considering all the approaches, I have considered all the three approaches i.e. market approach, income approach and assets approach to ascertain fair value of LEL equity shares.

As LEL is listed company and need to comply with SEBI ICDR Regulations 2018, I have considered the Regulation 164 of valuing frequently traded shares. As per Regulation 164 “frequently traded shares” means the shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.

In the present case, the relevant valuation date is 14 August 2024, therefore I have obtained the trade data from BSE for the period 25th August 2023 to 13th August 2024 (i.e. 240 trading days) to determine if the shares are frequently traded or not.

During the 240 trading days preceding to the valuation date, there has been trading of 30,73,923 number shares. The issued number of shares as on valuation date is 1,02,00,000. The trading number of shares 30,73,923 in 240 days are higher than 10% of outstanding number of shares i.e. 10,20,000 (10% of issued shares 102,00,000). Therefore, we conclude that the shares are frequently traded and fair value can be determined as per Regulation 164 of SEBI ICDR Regulations 2018.

As per SEBI ICDR Regulations 2018, the preferential issue shall be not less than higher of the following for frequently traded shares:

- the 90 trading days volume weighted average price preceding the relevant date; or
- the 10 trading days volume weighted average price preceding the relevant date.

90 trading days volume weighted average price of equity shares of Loyal Equipments Limited preceding the relevant valuation date

Date	No. of Shares	Total Turnover
13-Aug-24	9,194.00	1,996,661.00
12-Aug-24	22,534.00	4,958,936.00
09-Aug-24	23,883.00	5,029,974.00
08-Aug-24	26,345.00	5,385,129.00
07-Aug-24	58,683.00	11,781,963.00
06-Aug-24	9,961.00	2,131,733.00
05-Aug-24	17,880.00	3,841,620.00
02-Aug-24	12,700.00	2,793,936.00
01-Aug-24	12,369.00	2,713,356.00
31-Jul-24	7,180.00	1,525,806.00
30-Jul-24	9,481.00	2,064,309.00
29-Jul-24	18,540.00	3,871,771.00
26-Jul-24	16,196.00	3,294,720.00
25-Jul-24	21,197.00	4,197,894.00
24-Jul-24	19,022.00	3,784,485.00
23-Jul-24	15,664.00	3,159,175.00
22-Jul-24	5,554.00	1,147,919.00
19-Jul-24	9,566.00	1,964,789.00
18-Jul-24	6,717.00	1,430,874.00
16-Jul-24	10,345.00	2,207,620.00
15-Jul-24	16,357.00	3,518,296.00
12-Jul-24	6,603.00	1,452,980.00
11-Jul-24	5,198.00	1,149,780.00
10-Jul-24	14,566.00	3,125,046.00
09-Jul-24	7,360.00	1,654,320.00
08-Jul-24	11,386.00	2,637,655.00
05-Jul-24	29,462.00	6,790,561.00
04-Jul-24	38,116.00	9,212,167.00
03-Jul-24	25,569.00	5,886,150.00
02-Jul-24	45,613.00	9,965,189.00

Date	No. of Shares	Total Turnover
01-Jul-24	14,898.00	3,114,541.00
28-Jun-24	14,114.00	2,780,567.00
27-Jun-24	8,754.00	1,670,920.00
26-Jun-24	10,428.00	2,014,343.00
25-Jun-24	6,664.00	1,312,963.00
24-Jun-24	14,560.00	2,878,972.00
21-Jun-24	25,806.00	5,226,024.00
20-Jun-24	19,426.00	4,076,093.00
19-Jun-24	36,047.00	7,314,959.00
18-Jun-24	16,790.00	3,304,272.00
14-Jun-24	4,617.00	865,456.00
13-Jun-24	732.00	134,520.00
12-Jun-24	13,470.00	2,426,154.00
11-Jun-24	13,020.00	2,339,123.00
10-Jun-24	3,903.00	686,041.00
07-Jun-24	5,421.00	957,976.00
06-Jun-24	5,181.00	895,988.00
05-Jun-24	1,979.00	340,289.00
04-Jun-24	1,180.00	207,031.00
03-Jun-24	4,250.00	762,665.00
31-May-24	4,730.00	836,587.00
30-May-24	2,394.00	416,077.00
29-May-24	15,834.00	2,807,368.00
28-May-24	1,379.00	249,461.00
27-May-24	2,094.00	386,447.00
24-May-24	1,134.00	213,532.00
23-May-24	577.00	110,841.00
22-May-24	2,212.00	433,552.00
21-May-24	5,908.00	1,181,304.00
18-May-24	636.00	126,564.00

Date	No. of Shares	Total Turnover
17-May-24	3,991.00	778,574.00
16-May-24	3,686.00	705,307.00
15-May-24	7,871.00	1,474,859.00
14-May-24	21,279.00	3,880,782.00
13-May-24	12,149.00	2,256,676.00
10-May-24	5,728.00	1,085,456.00
09-May-24	4,220.00	815,937.00
08-May-24	63,744.00	12,741,228.00
07-May-24	19,907.00	4,094,869.00
06-May-24	14,635.00	2,867,728.00
03-May-24	5,522.00	1,030,681.00
02-May-24	8,908.00	1,583,842.00
30-Apr-24	22,185.00	3,752,506.00
29-Apr-24	4,900.00	790,370.00
26-Apr-24	925.00	142,126.00
25-Apr-24	1,925.00	287,901.00
24-Apr-24	3,594.00	530,833.00
23-Apr-24	3,194.00	481,335.00
22-Apr-24	6,661.00	1,024,128.00
19-Apr-24	9,905.00	1,553,599.00
18-Apr-24	10,154.00	1,625,147.00
16-Apr-24	697.00	113,820.00
15-Apr-24	507.00	84,667.00
12-Apr-24	853.00	145,086.00
10-Apr-24	2,849.00	485,635.00
09-Apr-24	4,542.00	758,750.00
08-Apr-24	5,335.00	871,928.00
05-Apr-24	1,561.00	251,722.00
04-Apr-24	2,898.00	473,580.00
03-Apr-24	3,100.00	501,396.00

Total values of shares traded (INR)	211,935,912.00
Total numbers of shares traded in 90 days	1,048,804.00
VWAP	202.07

10 trading days volume weighted average price of equity shares of Loyal Equipments Limited preceding the relevant valuation date

DATE	VOLUME	VALUE
13-Aug-24	9,194.00	1,996,661.00
12-Aug-24	22,534.00	4,958,936.00
09-Aug-24	23,883.00	5,029,974.00
08-Aug-24	26,345.00	5,385,129.00
07-Aug-24	58,683.00	11,781,963.00
06-Aug-24	9,961.00	2,131,733.00
05-Aug-24	17,880.00	3,841,620.00
02-Aug-24	12,700.00	2,793,936.00
01-Aug-24	12,369.00	2,713,356.00
31-Jul-24	7,180.00	1,525,806.00
Total	200,729.00	42,159,114.00

Total values of shares traded (INR)	42,159,114.00
Total numbers of shares traded in 10 days	200,729.00
VWAP	210.03

Valuation analysis

Based on the above workings, the fair value of the share of Loyal Equipments Limited is determined as under:

Higher of 90 trading days or 10 trading days preceding relevant valuation date:

- **90 trading days - volume weighted average price: INR 202.07/-**
- **10 trading days - volume weighted average price: INR 210.03/-**

In accordance with SEBI ICDR Regulations 2018, the shares of the company are frequently traded based on preceding 240 trading days data. Therefore, the preferential allotment shall not be less than INR 210.03 i.e. the higher price between 90 & 10 trading days before the valuation date.

The Company may consider issuing share at INR 210.03 or at a price higher than INR 210.03 as they deem fit in accordance with relevant Company's Act & SEBI regulations.

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Valuation of the Company – Asset Approach via Net Assets Method

The net asset value method is an asset-based approach whereby the value of the business is based on the difference between the fair market value of the assets and liabilities of the business. The Company is a going concern; therefore, the value could not be less than the fair market value of the Company's net asset value prior to any discounts. The Net Asset Value method attempts to measure the value of the net assets of the company against each share. It is computed by taking the net value of the company's assets, subtracting from them the amount of liabilities and preferred shareholders claims, and dividing the remainder amongst the number of equity shares.

Fair Value of LEL Equity Shares as at 14 August 2024

PARTICULARS	AMOUNT (IN INR)
Assets	
Fixed Assets	129,518,483.77
Non-current investments	15,482,262
Loans (Liability)	70,406,478
Current Assets	171,037,515.72
Total Assets (A)	386,444,740
Liabilities	
Long Term Borrowings	31,165,708
Current Liabilities	48,117,292.22
Total liabilities (B)	79,283,001
NET ASSET AVAILABLE TO SHAREHOLDERS (A-B)	307,161,739.27
No. Of Equity Shares	10,200,000
FAIR VALUE PER EQUITY SHARE	30.11

Non-current investments and immovable property has been considered at their fair value as on the valuation date. I have reviewed the management approved financials as on 14 August 2024 and based on the adjusted net assets method, the fair value of equity share is ascertained as **INR 30.11** per share.

Valuation of the Company – Income Approach via the Discounted Cash Flow Method ('DCF')

The Discounted Cash Flow method is an income-based approach that is based on the concept that the estimated value of a business is the present value of its discretely projected future cash flows, plus the present value of the company's terminal value. This method is suitable in situations where future cash flows are expected to change from year-to-year, and where such year-to-year changes are reasonably predictable. Accordingly, the projected free cash flows to Equity ("FCFE") based on these financial statements is as set out below:

PARTICULARS	(in Lakhs)							As on 31/03/2024	
	15 August 2024- 31 March 2025	2025-26	2026-27	2027-28	2028-29	2029-30	TERMINAL VALUE	PARTICULARS	(in Lakhs)
Revenue from Operations	7,978	13,555	16,060	18,565	20,820	23,330	24,497	NPV of Discounted Free Cash Flows	20,287
Total Revenue	7,978	13,555	16,060	18,565	20,820	23,330	24,497	Present value of cash flows	20,287
Expenses	6,177	10,342	11,350	13,000	14,900	16,900	17,745	Add: Cash and bank balance	31
Financial Cost	174	200	200	200	200	200	200	Less: Investment	155
Depreciation	143	166	171	221	233	228	205	Total value for Equity Shareholders	20,472
Total Expenses	6,493	10,708	11,721	13,421	15,333	17,328	18,150	Number of Shares	10,200,000
Profit Before Tax	1,485	2,847	4,339	5,144	5,487	6,002	6,347	Price per Share (in INR.)	200.71
Tax	400	717	1,092	1,295	1,381	1,511	1,597		
Profit after Tax	1,084.91	2,130	3,247	3,850	4,106	4,492	4,749		
Depreciation	143	166	171	221	233	228	205		
Working Capital	(2,051)	(1,300)	(1,611)	(1,629)	(2,127)	(1,841)	(865)		
Net Debt funding	888	(300)	(50)	(300)	(550)	-	-		
Capex	-	(200)	(500)	(300)	(200)	(200)	(205)		
Free Cash flow to Equity (FCFE)	65	496	1,257	1,841	1,462	2,678	3,884		
Period for discounting (Years)	0.63	1.00	1.00	1.00	1.00	1.00	1.00		
Mid year discounting	0.31	1.13	2.13	3.13	4.13	5.13			
Discounting factor	0.95	0.84	0.72	0.62	0.54	0.46	0.46		
Cost of capital	16.35%	16.35%	16.35%	16.35%	16.35%	16.35%	16.35%		
Net Present value	62	418	910	1,146	782	1,232			
Terminal Growth rate	5%								
Cost of capital for terminal period	16.35%								
Terminal Value							34,216		
Present value of explicit period							4,551		
Present value of terminal value							15,736		
NET PRESENT VALUE AS PER DCF							20,287		

We have been provided with the projected financial statement of the company for 5 years 7 months and 17 days from 15 August 2024 to 31 March 2030 by the management, which we have considered for our analysis. Based on the DCF method, the fair value of equity share is ascertained as **INR 200.71** per share.

Valuation summary & analysis

We have carried out the valuation exercise after taking into consideration all the factors and methods mentioned hereinabove. The calculations have been performed as per the methods discussed above and the results have been summarized as below:

S.No	Valuation Approach	Valuation Method	Value Per Share
1	Cost Approach	Net Asset Valuer	30.11
2	Income Approach	Discounted Cash Flow	200.71
3	Market Approach	Volume Weighted Average Price	210.03
As per Regulation 164 of SEBI (ICDR) the floor price per equity share is			210.03

Conclusion

In the ultimate analysis, valuation have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment etc. which are not evident from the face of the balance sheet but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon said in Gold Coast Selection Trust Ltd. Vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."

Based on the above workings, the calculation of the fair value of the share of Loyal Equipments Limited is as under:

In accordance with SEBI ICDR Regulations 2018, the shares of the company are frequently traded. Therefore, I have determined the price per share in accordance with Regulation 164 that deals with valuation of frequently traded shares. Accordingly, pursuant to Regulation 164, for the purpose of preferential allotment of shares of Face value of INR 10/-, I have determined the fair value of the Equity share to be **INR 210.03/-** as on valuation date i.e. 14 August 2024 . The determined price is to be considered as floor price and preferential allotment can be made at any price but not less **INR 210.03** /- The values so arrived at are subject to the matters enumerated in 'Scope of Work, 'Caveat, Limitation & Disclaimer statement' and information provided to us and should be viewed in the light thereof.

Neha Bhandari

Neha Bhandari

Registered Valuer- SFA

IBBI Reg. No.: IBBI/RV/16/2021/14449

UDIN: 24407560BKBLCJ4643

Date: 17 August 2024

Place: Jaipur



Annexure A-CAVEATS, LIMITIATIONS & DISCLAIMERS

This report is subject to the following assumptions and limiting conditions:

❖ Restrictions on use of Valuation Report

- a) This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose.
- b) Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter.
- c) This restriction does not preclude the client from providing a copy of the report to third party advisors whose review would be consistent with the intended use.
- d) I do not take any responsibility for the unauthorized use of this report.

❖ Responsibility of RV

- a) I owe responsibility only to the authority that has appointed me under the terms of the engagement letter.
- b) I will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person.
- c) In no event I shall be liable for any loss, damage, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or wilful default on part of the client or companies , their directors, employees or agents.

❖ Accuracy of Information

- a) While our work has involved an analysis of financial information and accounting records , our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records.
- b) Accordingly, I express no audit opinion or any other form of assurance on this information.

❖ Achievability of the forecast results

- a) I do not provide assurance on the achievability of the results forecast by the management / owners as events and circumstances don't occur as expected, difference between actual and expected results may be material.
- b) I express no opinion as to how closely the actual results will correspond to those projected / forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

❖ **Post Valuation Date Events**

- a) The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date.
- b) Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

❖ **Range of Value Estimate**

- a) The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement .
- b) Although every scientific method has been employed in systematically arriving at the value , there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range.

❖ **No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged**

- a) The actual market price achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (eg: the competitive bidding environment), the nature of the business (eg : the purchaser's perception of potential synergies).
- b) The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved.
- c) Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.

❖ **Multiple factors affecting the Valuation Report:**

- a) The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors.
- b) There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

❖ **Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report**

- a) I/We are fully aware that based on the opinion of value expressed in this report, I/we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- b) In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority shall be under the applicable laws.

❖ **Reliance on the representation of the owners/ clients , their management and other third parties**

- a) The client/ owner and its management/ representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge.
- b) We have relied upon the representations of the owners/ clients, their management and other third parties concerning the financial data , operational data, and maintenance schedule of all plant –machinery –equipment –tools- vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report.
- c) I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents
- d) I express no opinion as to how closely the actual results will correspond to those projected / forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

❖ **No procedure performed to corroborate information taken from reliable external sources**

- a) We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable .
- b) we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis.
- c) Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

❖ **Compliance with relevant laws**

- a) The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner.
- b) Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

(End of report)