

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

Mobile: +91 9911077439

Email: manwanimanish@yahoo.in

Date: April 03, 2023

The Chief General Manager

Listing Operation,

BSE Limited

20th Floor, P.J. Towers, Dalal Street,

Mumbai-400001

Dear Sir/ Madam,

Sub: Application for "In-principle approval" prior to issue and allotment of 53,50,000 equity convertible warrants on preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

1. I, Manish Manwani, Independent Registered Valuer under Securities and Financial Assets Class registered with Insolvency and Bankruptcy Board of India ("IBBI") having IBBI registration number IBBI/RV/03/2021/14113, hereby certify that the minimum issue price for the proposed preferential issue of 'Prime Industries Limited' (hereinafter referred as "**PIL**" or "**the Company**"), based on the pricing formula prescribed under Regulation 164/ 165 read with Regulations 166A of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred as "**ICDR Regulations, 2018**") has been worked out at **INR 12.49/-** (Indian Rupees Twelve and Forty-Nine Paise Only) per share.
2. The relevant date for the purpose of said minimum issue price was March 31, 2023. (being a date preceding to the date of weekend i.e. April 01, 2023 (Saturday)).
3. The workings for arriving at such minimum issue price or valuation report from Independent Registered Valuer have been attached herewith.
4. The highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date on BSE Limited.
5. We hereby certify that the Articles of Association of the issuer does not provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018.

~~OR~~

~~We hereby certify that the Articles of Association of the issuer provides for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018 then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue. Accordingly, We have calculated the floor price which worked out as Rs. ____.~~

6. As the shares of the Company are not frequently traded on the Stock Exchange within the meaning of Regulation 164(5) of Chapter V of ICDR Regulations, 2018, therefore price has been calculated as per the provisions of Regulation 165 read with Regulation 166A of ICDR Regulations, 2018.

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IBBI Registered Valuer

Class: Securities or Financial Assets

IBBI Reg. No.: IBBI/RV/03/2021/14113

Place: Gurugram (Haryana)

VALUATION APPROACHES AND METHODOLOGIES

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

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 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.

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.

3. 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 shares 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.

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 assigned the weights for the same.

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 not applied Profit Earning Capitalization Value (PECV) Method as the historical earnings and profits are minimal and shall not represent the intrinsic value of the Company.

Market Approach:

The shares of the Company are infrequently traded, therefore, I have not applied Market Price Method.

Further, I have not applied Comparable Companies' Multiple "CCM" method as the company is generating minimal revenue and comparable companies of same size and segment are not available.

A Comprehensive Overview on Approaches applied:

Income Approach

DFC/PECV

Not Applied

Market Approach

CCM and Market Price
Method

Not Applied

Asset Approach

Net Asset Value
Method

Applied

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I. Net Asset Value Method:

Net Asset value is computed by subtracting total outstanding liabilities from the total assets of the Company.

I have applied Net Asset Value Method to compute fair value as under:

Calculation of NAV of Prime Industries Limited as on December 31, 2022	
Particulars	December 31, 2022
<i>Non-current assets:</i>	
Property, Plant and Equipment	11,740.00
Investments	13,33,81,470.60
Investment property	3,06,56,250.00
Deferred Tax Assets	83,938.00
other Non-Current assets	2,87,003.00
<i>Current assets:</i>	
Inventories	60,82,136.00
Trade receivables	
Loans and advances	
Cash and cash equivalents	8,28,181.00
Other financial assets	
Other Current Assets	5,67,33,107.00
<i>Total Assets</i>	<i>22,80,63,825.60</i>
<i>Non-Current Liabilities</i>	<i>-</i>
<i>Current Liabilities</i>	
Trade Payables	-
Short Term Borrowings	2,48,67,357.00
Other current liabilities	77,56,751.00
<i>Total Liabilities</i>	<i>3,26,24,108.00</i>
<i>Net Asset Value</i>	<i>19,54,39,717.60</i>
Total numbers of equity shares	1,56,53,400
<i>NAV per share (in INR)</i>	<i>12.49</i>

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II. Summary:

Based on our valuation analysis of the financial statements of the Company, in our assessment, the fair value per equity share of the Company is **INR 12.49/-**.

Figures in INR

Computation of Fair Value			
Particulars	Value per Share	Weight	Weighted Value
Net Asset Value Method	12.49	1.00	12.49
PECV Method	NA	NA	-
Comparable Trading Multiple	NA	NA	-
Weighted Average Value Per Share			12.49

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