

VALUATION REPORT

on

Fair Value of Equity Shares

Constronics Infra Limited

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Valuation Analysis

We refer to our Engagement Letter dated 26th March 2024 as independent valuers of **Constronics Infra Limited** (the "Company"). In the following paragraphs, we have summarized our valuation Analysis (the "Analysis") of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

1 Context and Purpose

Based on discussion with the management, we understand that the Company is evaluating the possibility of **Fair Value of Equity shares under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**. In the context of the proposed transaction, the management requires our assistance in determining the **Fair Value of Equity shares** of the Company.

Proposed Transaction:

During the Financial Year 2023-24, Company is evaluating the possibility of issuing further securities to prospective investors. In this context, the management of **Constronics Infra Limited** (the "Management") has requested us to estimate the fair value of the Equity Shares. - "Proposed Transaction".

2 Conditions and major assumptions

Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed, or compiled the financial statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or

the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring after the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles, and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to require giving expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3 Background of the Company

The Company is engaged in trading of Construction and Building Materials.

Further data of the company is as under:

CIN	L45100TN1992PLC022948
Company Name	CONSTRONICS INFRA LIMITED
ROC Name	ROC Chennai
Registration Number	022948
Date of Incorporation	25/06/1992
Email Id	info@constronicsinfra.com
Registered Address	NO. 3/2, THIRD FLOOR, NARASIMMAPURAM, SAI BABA COLONY, MYLAPORE, Chennai, CHENNAI, Tamil Nadu, India, 600004
Address at which the books of account are to be maintained	-
Listed in Stock Exchange(s) (Y/N)	Yes
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Public
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	25,00,00,000
Paid up Capital (Rs)	7,20,90,000
Date of last AGM	29/09/2022
Date of Balance Sheet	31/03/2022
Company Status	Active

Directors and Key Managerial Persons:

DIN/PAN	Name	Begin date	Designation
01197824	Rajamani Ragavachari Sundara Raghavan	05/01/2011	Managing Director
08304609	Sharmila Thirumalaisamy	08/01/2019	Director
08547720	Krishnan Sureshkumaar	07/01/2020	Director
08791300	Rajendren Purushothaman	30/07/2020	Director
*****3781R	Rishab Kothari	30/12/2023	Company Secretary
10175958	Brough Nagar David Yesaian	25/05/2023	Director

Shareholding Details as on 30th September 2022

Particulars	No. of Shares	% Holding
Promoter & Promoter Group		
Vishnu Vardhan	13,31,558	18.47%
Sathish Kumar	100	0.001%
Public	58,77,383	81.53%
Total	72,09,041	100.00%

Face Value Per Share is Rs. 10.00/-

4 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

5 Valuation Date

As this report is issued to comply the requirements laid down under Regulation 164 and 166A of Chapter V of SEBI (ICDR) Regulations, 2018 (as amended), **the relevant date is considered as March 28, 2024, i.e. 30 (Thirty) days prior to the last date of e-voting in case the resolution is passed through Postal ballot.**

6 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by ICAI Registered Valuers Organisation.

7 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

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 can be broadly categorised as follows:

1. Asset Approach

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

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.

2. Market Approach

Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued to arrive at a multiple based valuation. The difficulty here in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability, and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early-stage company and different business model the problem aggravates further.

Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

3. Income Approach

Price Earnings Capitalisation Method

The basic of this approach is to find the normalized earning capacity of the business and to capitalise it based on appropriate rate considering the business fundamentals of business cycle, safety, return and time. In this method, future maintainable profit of the company is calculated. Alternately, an appropriate multiple can be used with the normalized earnings to arrive at fair estimation of business value (Market Price per Share "MPS")

The important task is to determine two factors:

1. Normalized Profit After Tax (PAT) and
2. Rate of capitalization or multiple for capitalization

The average annual maintainable PAT should be representative and is generally determined based on average past earnings, or future projected earnings where the past earnings are not representative of the future earning potential of the business.

Valuation Methodology

The application of any method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

In this case, the Company being a listed Company, we have considered valuation regulations applicable to preferential issue of Equity Shares as defined in Securities and Exchange Board of India (Issue of Capital & Disclosure) Regulations, 2018, the requirements of the Articles of Association of the Company and the provisions of the Companies (Share Capital and Debentures) Rules, 2014 (as amended).

SEBI Regulations for requirement of Valuation:

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED

The relevant Regulations under SEBI (ICDR) are reproduced as under:

Regulation 164(1) - Pricing of frequently traded shares

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:

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

....

Regulation 166A (1): Other conditions for pricing

Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer, or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

....

Regulation 161: "relevant date" means: a) In case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend, or the holiday will be reckoned to be the relevant date.

We have considered standalone financials for our analysis to arrive at value per share for PECV method, NAV method & CCM method.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

8 Source of Information

The Analysis is based on trading prices and volumes as available in the public domain. Specifically, the sources of information include:

- Historical Data of Trading Price and Volume traded of the stock on Bombay Stock Exchange.

Further, we have also been informed by the Company that;

1. The Equity Shares of the Company are listed on the Bombay Stock Exchange.
2. The Equity Shares are frequently traded on the Bombay Stock Exchange meet the definition of Frequently traded shares as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
3. The Company is proposing to get approval of the proposed preferential issue through the Postal ballot scheduled to begin on 1st April 2024 and complete on 30th April 2024 and accordingly, the relevant date is considered as 28th March 2024.
4. The present issue of Equity Shares shall not result in change in control of the Company.

9 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

We have relied on data from Recognized Stock Exchange. This source is reliable and therefore, we assume no liability for the accuracy of the data.

The valuation worksheets prepared for the exercise are proprietary to the Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering any transaction with the Company.

Our Report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

10 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Constronics Infra Limited**. It should not be used, reproduced, or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared according to the terms of SEBI ICDR Regulation, 2018.

11 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity Shares as on March 28, 2024 is as under:

Method		In INR
As per Regulation 164 SEBI, ICDR	A	39.85
Price determined under the valuation report from the independent registered valuer	B	0.85
Higher of A & B	C	39.85

Approach	Value per share	Weight	Product
Asset Approach (*)	0.39	0	0.00
Market Approach (*)	0.30	0	0.00
Income Approach (**)	0.85	1	0.85
Weight Average Value per share			0.85

(*) Value per Share as per Asset Approach and Market Approach is lower than Price as per Income Approach and not reflecting true potential of the company, hence no weightage is considered for Asset Approach and Market Approach.

(**) Under Income Approach, PECV method is considered.

Control Premium

The present issue of Equity Shares shall not result in change in control of the Company. Hence guidance on control premium is not considered under Regulation 166A.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully



Bhavesh M Rathod
Chartered Accountants
M No: 119158
Registered Valuer - Securities or Financial Assets
(Reg No: IBBI/RV/06/2019/10708)

Date: 30th March 2024

Place: Mumbai

UDIN: **24119158BKAERE3939**

12 Annexure 1

As per Regulation 164 SEBI, ICDR

Method		In INR
90 trading days' volume weighted average price (*)	A	33.35
10 trading days' volume weighted average price (*)	B	39.85
Higher of A & B	C	39.85

Volume Weighted Average Price for 90 trading Days.

Date	No. of Shares Traded	Total Turnover (Rs.)
27-Mar-24	11,701	5,19,758
26-Mar-24	15,799	6,88,046
22-Mar-24	772	32,993
21-Mar-24	1,267	53,099
20-Mar-24	1,944	79,107
19-Mar-24	3,973	1,60,056
18-Mar-24	2,68,351	1,06,01,564
15-Mar-24	1,100	42,614
14-Mar-24	1,550	58,884
13-Mar-24	9,497	3,53,763
12-Mar-24	4,375	1,59,775
11-Mar-24	1,900	68,039
07-Mar-24	14,832	5,20,751
06-Mar-24	12,152	4,18,393
05-Mar-24	73,904	24,94,999
04-Mar-24	4,016	1,32,929
02-Mar-24	1	32
01-Mar-24	3,581	1,13,983
29-Feb-24	3,008	93,879
28-Feb-24	6,529	1,99,787
27-Feb-24	5,472	1,64,159
26-Feb-24	15,702	4,60,927
23-Feb-24	4,996	1,44,334
22-Feb-24	2,967	83,892
21-Feb-24	25,690	7,13,608
20-Feb-24	3,224	85,307
19-Feb-24	19,982	5,03,074
16-Feb-24	8,018	1,91,809
15-Feb-24	22,318	5,24,492
14-Feb-24	6,986	1,68,092
13-Feb-24	21,338	4,91,085
12-Feb-24	8,251	1,79,946

09-Feb-24	0	0
08-Feb-24	90	1,881
07-Feb-24	70	1,481
06-Feb-24	1	21
05-Feb-24	101	2,180
02-Feb-24	402	9,031
01-Feb-24	350	7,850
31-Jan-24	57	1,255
30-Jan-24	1,000	22,030
29-Jan-24	1	21
25-Jan-24	59	1,275
24-Jan-24	58	1,252
23-Jan-24	104	2,204
20-Jan-24	1,008	20,966
19-Jan-24	100	2,040
18-Jan-24	174	3,535
17-Jan-24	526	10,520
16-Jan-24	474	9,574
15-Jan-24	3,155	62,728
12-Jan-24	0	0
11-Jan-24	0	0
10-Jan-24	0	0
09-Jan-24	100	1,954
08-Jan-24	244	4,774
05-Jan-24	210	4,040
04-Jan-24	26	490
03-Jan-24	6,156	1,14,587
02-Jan-24	13,706	2,47,314
01-Jan-24	4,749	81,820
29-Dec-23	11,582	1,89,370
28-Dec-23	717	10,965
27-Dec-23	4,950	74,595
26-Dec-23	1,061	15,891
22-Dec-23	0	0
21-Dec-23	908	13,175
20-Dec-23	0	0
19-Dec-23	1,008	14,515
18-Dec-23	0	0
15-Dec-23	1,000	14,400
14-Dec-23	251	3,614
13-Dec-23	629	9,092
12-Dec-23	0	0
11-Dec-23	0	0
08-Dec-23	0	0
07-Dec-23	744	10,639
06-Dec-23	0	0

05-Dec-23	411	5,877
04-Dec-23	0	0
01-Dec-23	0	0
30-Nov-23	0	0
29-Nov-23	862	12,326
28-Nov-23	1,448	20,706
24-Nov-23	0	0
23-Nov-23	1	14
22-Nov-23	900	12,758
21-Nov-23	450	6,448
20-Nov-23	534	7,625
17-Nov-23	684	9,576
Total	6,46,257	2,15,49,585

Traded Turnover	2,15,49,585
No. of Share Traded	6,46,257
Volume Weighted Average Price for 90 Trading Days	33.35

Volume Weighted Average Price for 10 trading Days.

Date	No. of Trades	Total Turnover (Rs.)
27-Mar-24	11,701	5,19,758
26-Mar-24	15,799	6,88,046
22-Mar-24	772	32,993
21-Mar-24	1,267	53,099
20-Mar-24	1,944	79,107
19-Mar-24	3,973	1,60,056
18-Mar-24	2,68,351	1,06,01,564
15-Mar-24	1,100	42,614
14-Mar-24	1,550	58,884
13-Mar-24	9,497	3,53,763
Total	3,15,954	1,25,89,884

Traded Turnover	1,25,89,884
No. of Share Traded	3,15,954
Volume Weighted Average Price for 10 Trading Days	39.85

13 Annexure 2

Approach	Value per share	Weight	Product
Asset Approach (*)	0.39	0	0.00
Market Approach (*)	0.30	0	0.00
Income Approach (**)	0.85	1	0.85
Weight Average Value per share			0.85

(*) Value per Share as per Asset Approach and Market Approach is lower than Price as per Income Approach and not reflecting true potential of the company, hence no weightage is considered for Asset Approach and Market Approach.

(**) Under Income Approach, PECV method is considered.

Asset Approach - Net Asset Value Method as on 30th September 2023 (INR Lakhs)

Particulars		Amount
Assets		
Non-current assets		
Fixed Assets		
-Tangible Assets		16.09
-Intangible Assets		0.10
Long-term loans and advances		9.00
Deferred tax assets (net)		5.13
Current assets		
Trade receivables		38.43
Cash and bank balances		25.42
Other Current Assets		8.27
Total Assets	A	102.44
Liabilities		
Non-Current Liabilities		
Long Term Borrowings		70.04
Current liabilities		
Trade payables		0.77
Other current liabilities		3.39
Total Liabilities	B	74.20
Net Worth	A - B	28.24
No. of Equity Shares	C	72,09,041
Value Per Share	(A - B) / C	0.39

Market Approach - Comparable Company Method (CCM)

Particulars	P/BV
Ratios as per Listed Peers	0.77
Net Worth of the Company (in INR Lakhs)	28.23
Equity Value (in INR Lakhs)	21.79
No. of Shares	72,09,041
Value per share (in INR)	0.30

Note 1: -**P/BV Multiple of Listed Peer Company**

Particulars	Nature of Business	P/BV
Sicagen India Ltd	Business of trading Building materials	0.64
Patidar Buildcon Ltd	Trading of building materials	0.96
Taaza International Ltd	Trading of Building Material	0.56
Hil Ltd	Building materials and construction industry	1.70
Average		0.97
Size Discount	@20%	-0.19
Adjusted Average Ratio	Nature of Business	0.77

Note: As the CIL is in the business of trading of Construction and Building Materials, we have considered the peer companies of having similar business as mentioned above. As the CIL is very low in size, the size discount is considered as 20%.

Income Approach - Profit Earning Capitalization Value Method (PECV Method)**(In Lakhs)**

Particulars	FY22	FY23	Sep 23 (TTM)
Profit After Tax	17.48	5.66	4.59
Average Profit of Past 3 Years			9.24
Capitalization	15.00%		61.62
No. of Equity Shares			72,09,041
Value per share (Rs.)			0.85

Capitalization Rate**Organisation Specific Discount Rate**

- Cost of Equity of 15.00% is taken as Capitalization rate, calculated using,
 - Historical Market Return of BSE 500 from February 01, 1999, to March 27, 2024, is 14.73%
 - We have considered Premium of 1.00% towards risk and illiquidity.

	Rate	Source
Market Return (Rm)	14.73%	Return of BSE 500 for the period of Feb 01, 1999, to March 27, 2024.
Company Specific Risk	1.00 %	Contingency of revenues, projected high profitability, achievability of projections

Based on the above parameters, the Cost of Equity has been calculated at **15.00 % (Rounded off)**