ANKUSH GARG
REGISTERED VALUER

Valuation Report of Shares of Apollo Pipes Limited

CIN - L65999DL1985PLC022723

Valuation Date: March 13, 2023

Valuation Report Date: March 27, 2023

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COMPANY OVERVIEW

Apollo Pipes Limited ("Company") is an entity incorporated on December 09, 1985 under Ministry of Corporate Affairs (MCA). The Registered office of the Company is 37, Hargobind Enclave Vikas Marg Delhi, East Delhi 110092.

The Company is a Public Limited Entity having Authorised Share Capital of Rs. 450,000,000 and Paid-up Share Capital of Rs. 393,282,060. The Current Status of the Company as per MCA Records is - Active.

Following are the directors of the Company:

Sr. No.	Name of Directors	DIN
1	Sameer Gupta	00005209
2	Sanjay Gupta	00233188
3	Neeru Abrol	01279485
4	Ashok Kumar Gupta	01722395
5	Abhilash Lal	03203177
6	Pradeep Kumar Jain	08063400

The Company carries on the business of manufacture, process, fabricate, design, buy, sell, import, export or otherwise deal in all kinds of P.V.C. pipes, tubes, fitting refills, sections, articles, items, P.V.C. sheet, HDPE Pipes, LDPE Pipes, foam pipes, plastic and P.V.C. houses and Pipes Polyolefine Pipes and tubes rubber pipes and fittings and their accessories and furniture and home products made up of plastic and other material.

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VALUATION OF SHARES

1. Scope and Background for Valuation

We have been appointed by the Company on March 07, 2023 to estimate the fair value of shares of the Company. Accordingly, the Company only is the intended user of this report. The purpose of valuation is to comply with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for further issue of shares through preferential allotment.

2. Disclosure of Interest

The valuer is a registered individual valuer and does not have any sort of interest in the company. Further, the valuer is not having any type of conflicts with any party, related to the above securities.

3. Disclaimers and Limitations

i. This report has been prepared solely for limited purpose as mentioned above and should not be relied upon for any other purpose and without appreciation of the limitations under which the valuation has been carried out. We do not assume any responsibility or liability to any third party to whom the report is disclosed or otherwise made available. Consequently, users are cautioned that this valuation Report may not be appropriate for the purposes other than as described above.

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ii. The valuation may be based on the company's unaudited records and future projections prepared by the management.

iii. The valuer does not give any representation or warranty (express or implied) in relation to the accuracy, reasonableness and/or completeness of the information contained in this document. No responsibility or liability is accepted for any direct, indirect or consequential loss or damage suffered by any person arising there from and the same is expressly disclaimed.

iv. As per the management, there is no contingent or any other liability which has arisen either as on or after the date of valuation which are likely to affect materially the state of the balances of accounts as on that date.

v. For the purpose of this assignment we have relied upon and accepted the information and representations made available to us by the management of the Company and our conclusions are dependent on such information being complete and accurate in all material aspects.

vi. Although we have ensured the appropriateness of the estimates and assumptions, we were neither required nor have we independently verified, or carried out a due diligence of the management's information and future projections (wherever applicable) submitted to us for the purpose of this valuation. Valuation is based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price

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will be offered or accepted. Actual results achieved during the period covered will vary from these estimates and these variations may be material. We express no opinion as to how closely the actual results will correspond to the results projected.

vii. In furnishing this report, we reserve the right to amend or replace the report at any time. Our engagement will be governed by and construed in accordance with Laws of India. All disputes hereunder will be subject to final & binding arbitration in New Delhi, India in accordance with Arbitration & Conciliation Act, 1996 as amended.

viii. The Company or user of this report has verified the factual accuracy of the contents of the report. In case of any discrepancy, the same must be brought to the notice of undersigned within 5 days of issuance of this report.

4. Bases, Premise, Approach and Method of Valuation

Bases of Valuation

Fair Value of shares of the Company.

Valuation Premise

The valuation has been conducted on the premise of Going Concern Value.

Going concern value

It is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of Going Concern Value result from factors such as having a

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trained work force, an operational plant, the necessary licenses, marketing systems, and procedures in place etc.

Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.

The Fair Value of shares has been computed by considering compliance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Definition of Fair Value

Valuation Standards 2018 issued by The Institute of Chartered Accountants of India defines Fair Value as:

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. Fair value is the price in an orderly transaction in the principal (or most advantageous) market at the valuation date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value is usually synonymous to market value except in certain circumstances where characteristics of an asset translate into a special asset value for the party(ies) involved.

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Price

Fair value assumes that the price is negotiated in a free market (which may be domestic or international). Fair value reflects characteristics of an asset which are available to market participants in general and do not consider advantages/ disadvantages which are available/applicable only to particular participant(s).

The price in the principal (or most advantageous) market used to measure the fair value of the asset shall not be adjusted for transaction costs. To this end, a market in which the volume and level of activities is high, or one in which the realisation from an asset is maximum, is considered.

Orderly transaction

Orderly transaction is 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 a forced transaction. The length of exposure time will vary according to the type of asset and market conditions.

Market participants

Market participants are willing buyers and willing sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics:

(a) 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 terms;

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(b) 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;

(c) they are able to enter into a transaction for the asset or liability; and

(d) 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.

Valuation Approaches

Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

The following are some of the instances where a valuer applies the market approach:

(a) where the asset to be valued or a comparable or identical asset is traded in the active market;

(b) there is a recent, orderly transaction in the asset to be valued; or

(c) there are recent comparable orderly transactions in identical or comparable asset(s) and information for the same is available and reliable.

Cost Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

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In certain situations, historical cost of the asset may be considered by the valuer where it has been prescribed by the applicable regulations/law/guidelines or is appropriate considering the nature of the asset.

Examples of situations where a valuer applies the cost approach are:

(a) an asset can be quickly recreated with substantially the same utility as the asset to be valued;

(b) in case where liquidation value is to be determined; or

(c) income approach and/or market approach cannot be used

The following are the two most commonly used valuation methods under the Cost approach:

(a) Replacement Cost Method; and

(b) Reproduction Cost Method.

Income Approach

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value. The following are some of the instances where a valuer applies the income approach:

(a) where the asset does not have any market comparable or comparable transaction;

(b) where the asset has fewer relevant market comparable; or

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(c) where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.

Some of the common valuation methods under income approach are as follows:

(a) Discounted Cash Flow (DCF) Method;

(b) Relief from Royalty (RFR) Method;

(c) Multi-Period Excess Earnings Method (MEEM);

(d) With and Without Method (WWM);

(e) Comparable Companies Multiple Method and;

(f) Option pricing models such as Black-Scholes-Merton formula or binomial (lattice) model.

A valuer can make use of one or more of the processes or methods available for each approach. The appropriateness of a valuation approach for determining the value of an asset would depend on valuation bases and premises. In addition, some of the key factors that a valuer shall consider while determining the appropriateness of a specific valuation approach and method are:

(a) nature of asset to be valued;

(b) availability of adequate inputs or information and its reliability;

(c) strengths and weakness of each valuation approach and method; and

(d) valuation approach/method considered by market participants.

Method Adopted

Weighted average of Net Asset Method (Cost Approach), Comparable Companies Multiple Method (Income Approach) and Market Price Method (Market Approach) has been used for valuation of shares. Discounted Cash Flow Method has not been used considering future cash flow projections were not shared with us. Compliance with International Valuation

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Standards and Valuation Standards issued by The Institute of Chartered Accountants of India has been ensured while preparing this report.

5. Source of Information

For the purpose of valuation, we have relied on the following information made available to us by the management:

i. Audited Financial Statements as on March 31, 2022;
ii. MOA and AOA of the Company;
iii. Data as made available for public by Ministry of Company Affairs (MCA) through its website;
iv. Data as made available for public by Bombay Stock Exchange (BSE) through its website;
v. Other relevant details regarding the Companies such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;
vi. Such other information and explanations as we required and which have been provided by the management.

6. Valuation of Shares

Net Asset Value Method

We have considered the latest available balance sheet of the Company (as available in public domain) as of 30 September 2022 and have computed net worth per equity shares of the Company. Our calculations are given below:

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Particulars		Amount (Rs. In Lakhs)
Non Current Assets		**32,028.00**
Property, Plant & Equipments	23,645	
Capital Work in Progress	687	
Intangible Assets	2,106	
Right of Use Assets	914	
Financial Assets	4,349	
Other Non Current Assets	327	
Current Assets		**28,395.00**
Inventories	16,695.00	
Financial Assets	6,800.00	
Other Current Assets	4,900.00	
Total Book Value of Assets (A)		**60,423.00**
Non Current Liabilities		**1,211.00**
Financial Liabilities	535.00	
Provisions	172.00	
Deferred Tax Liabilities	504.00	
Current Liabilities		**15,442.00**
Financial Liabilities	14,555.00	
Provisions	49.00	
Other Current Liabilities	1,067.00	
Current Tax Liabilities	-229.00	
Total Book Value of External Liabilities (B)		**16,653.00**
Net Asset Value (A-B)		**43,770.00**
Number of Equity Shares Outstanding (No. in Lakhs)		**393.28**
Equity Value Per Share (In Rs.)		**111.29**

Accordingly, as per information available in public domain, we have computed the value under Net Asset Method (Cost Approach) to be Rs. 111.29 per equity share.

Comparable Companies Multiple Method

Under this approach, we have computed fair value per equity share using Price to Earning (P/E) Multiple. Since this is capitalization of earnings and is based on valuation multiples,

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it can be classified under Market Approach or Income Approach. The P/E multiple has been considered based on average of multiples of following leading companies that are listed on BSE Limited:

Leading Companies	P/E Ratio
Finolex Industries Ltd	17.94
Supreme Industries Ltd	47.81
Astral Ltd	105.22
Prince Pipes and Fittings Ltd	55.40
Jain Irrigation Systems Ltd	5.32
Average P/E Ratio	**46.34**

Source – www.bseindia.com

Computation of fair value using P/E multiple:

S.no.	Particulars	Unit	Rs. In Lakhs
1	PAT for the period ended 31 Dec 22	Rs. in Lakhs	888.72
2	Extrapolated PAT for the year	Rs. in Lakhs	1,184.96
3	P/E multiple	X	46.34
4	Net Equity Value (2) * (3)	Rs. in Lakhs	41,181.51
5	No. of Equity Shares	Lakhs	393.28
	Fair Value per Equity Share (4) / (5)	**Rs.**	**104.71**

Therefore, fair value of the equity share under Income Approach as on March 13, 2023 has been considered as **Rs. 104.71 per equity share.**

Market Price Method

Fair Value as per Market Price method has been considered as the higher of the following:

i) the 90 trading days volume weighted average price of the equity shares quoted on NSE preceding the valuation date i.e. Rs. 519.65

ii) the 10 trading days volume weighted average price of the equity shares quoted on NSE preceding the valuation date i.e. Rs. 539.18

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Accordingly, Fair Value of the equity share under Market Approach as on March 13, 2023 has been considered as Rs. 539.18 per equity share.

7. Value Conclusion

Weighted Average Value of Shares:

Valuation Method	Approach	Value per Share	Weight	Value * Weight
Net Asset Method	Cost Approach	111.29	0.10	11.13
Comparable Companies Multiple Method	Income Approach	104.71	0.40	41.88
Market Value Method	Market Approach	539.18	0.50	269.59
		Fair Value per Share		322.61

To the best of our knowledge and understanding, and relying upon the information and assumptions as mentioned above the value per equity share of the Company works out to be **Rs. 322.61 (Rupees Three hundred and Twenty Two and paise Sixty One only) per equity share** as on March 13, 2023.

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Ankush Garg
Registered Independent Valuer
Securities or Financial Assets
IBBI Reg. No.: IBBI/RV/02/2018/10010
VRN: IOV/2022-2023/3942
UDIN: 23514204BGVJCI6209
Date: March 27, 2023
Place: New Delhi