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: October 19, 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 57,91,068 equity shares 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 '**F Mec International Financial Services Limited**' (hereinafter referred as "**FMIFSL**" 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**") been worked out at INR **13.25**/- (Indian Rupees Thirteen and Twenty Five Paisa Only) per share.

   The relevant date for the purpose of said minimum issue price was October 19, 2023.

2. 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. _____.~~

3. The workings for arriving at such minimum issue price have been attached herewith.

4. 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.

Manish Manwani
Digitally signed by Manish Manwani
Date: 2023.10.19 11:02:59 +05'30'

Manish Manwani
IBBI Registered Valuer
Class: Securities or Financial Assets
IBBI Reg. No.: IBBI/RV/03/2021/14113

Place: Gurugram (Haryana)

VALUATION APPROACHES AND METHODOLOGIES

Valuation Approaches

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

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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 market 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.

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.

Market Approach

The 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 share 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 considered Profit Earning Capitalization Value (PECV) Method for valuation analysis and no weight has been assigned to determine fair value of the equity shares.

Market Approach:

I have applied Comparable Companies' Multiple "**CCM**" method for determination of fair value of the Company.

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VALUATION METHODOLOGIES USED

Income Approach	Market Approach	Asset Approach
PECV/DCF	Comparable Company Multiple	Net Asset Value Method
Not Applied	Applied	Applied

I. Profit Earning Capacity Value (PECV) Method:

Profit Earning Capacity Value is one of the traditional methods of business valuation whereby maintainable future profits are ascertained on the basis of past earnings (suitably adjusted for any changes in the key parameters) which are then capitalized at a discounting rate. We have applied PECV Method for computation of fair value as under:

Figures in INR Lakh except stated otherwise

Profit Earning Capacity Value (PECV) Calculation			
Profit Before Tax		**Amount in INR in Lakh**	
For the period ended:	**PBT**	**Weights**	**Weighted PBT**
June 30, 2023 (TTM Basis)	44.30	1.0	44.30
June 30, 2022 (TTM Basis)	10.38	1.0	10.38
June 30, 2021 (TTM Basis)	3.24	1.0	3.24
Weighted Average Profit Before Tax			**19.31**
Less: Marginal Tax Rate	25.17%		4.86
Weighted Average Profit After Tax			**14.45**
Capitalisation Rate	15.66%		
Business Value			**92.23**
Add: Surplus Assets			44.32
Fair Equity Value (in INR)			**136.55**
No. of Shares			**3,100,700**
Fair Value Per Share			**4.40**

II. Comparable Company Analysis:

Comparable Company Analysis is a relative valuation method under this a company's value is assessed from comparisons of similar companies available in the market. We have applied Price to sales (P/S), Price to earnings (P/E) and Price to Book Value (P/B) multiples for computation of fair value which are as under:

a) Price to Sales Multiple

Figures in INR Lakh except multiple

Revenue for June 30, 2023 (TTM Basis)	127.89
Price to Sales Multiple	3.90x
Equity Value	**498.96**

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b) Price to Book Value Multiple

Figures in INR Lakh except multiple

Book Value as on March 31, 2023	367.51
Price to Book Value Multiple	1.10x
Equity Value	**404.76**

c) Price to Earnings Multiple

Figures in INR Lakh except multiple

PAT for June 30, 2023 (TTM Basis)	35.70
Price to Book Value Multiple	12.86x
Equity Value	**458.97**

Fair Value through Comparable Companies Multiple

Figures in INR Lakh unless stated otherwise

Market Multiples	**Equity Value**	**Weights**	**Product**
Price to Sales Multiple	498.96	0.33	164.66
Price to Book Value Multiple	404.76	0.33	133.57
Price to Earnings Multiple	458.97	0.34	156.05
Weighted Average Equity Value			**454.27**
No of shares			31,00,700
Per Share Value in INR			**14.65**

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III. Net Asset Value Method:

Net Asset value is computed by subtracting total outstanding liabilities from the total assets of the Company. We have applied Net Asset Value Method to compute fair value as under:

Net Assets Value (NAV) Computation as on March 31, 2023	
Particulars	**Amount in INR Lakh**
Financial Assets:	
Cash & Cash Equivalents	44.32
Trade Receivables	19.00
Loans & Advances	469.61
Other Financial Assets	11.01
Non-Financial Assets:	
Deferred Tax Assets	0.42
Property, Plant & Equipment	2.16
Other Intangible Assets	1.60
Total Assets	**548.12**
Financial Liabilities:	
Borrowings	161.32
Trade Payables	4.05
Other Financial Liabilities	4.28
Non-Financial Liabilities:	
Current tax liabilities	8.90
Other Non-Financial Liabilities	2.06
Total Liabilities	**180.61**
Net Asset Value	**367.51**
Less: Contingent Liabilities	-
Net Asset Value Post Adjustment of Contingent Liabilities	**367.51**
Total Nos. of Equity Shares	31,00,700
NAV Per Share	**11.85**

IV. 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 13.25 /-.**

Figures in INR

Computation of Fair Value			
Particulars	**Value**	**Weights***	**Weighted Value**
Net Asset Value Method	11.85	0.50	5.93
PECV Method	4.40	-	-
Comparable Trading Multiple	14.65	0.50	7.33
Fair Value Per Share			**13.25**

* The final indication of value, on a going concern basis, is generally one number computed from a variety of analytical procedures and one or more of the three methods discussed above. As per the guidelines prescribed under International Valuation Standards, the goal in selecting valuation approaches and methods for an asset is to find the most appropriate method under the particular circumstances. No one method is suitable in every possible situation. The selection process should consider, at a minimum:

a) the appropriate basis(es) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment,
b) the respective strengths and weaknesses of the possible valuation approaches and methods,
c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and

Further, in assessing the fair value of a share, it is important to consider various valuation approaches to obtain a comprehensive and reliable estimate. However, in this specific case, the value derived from the Profit Earning Capacity Utilization Method under Income Approach was found to be significantly lower in comparison to the values derived from other valuation approaches. Therefore, it was determined that giving weight to the value derived from this method may not be justified.

Considering the above parameters, I have given zero percent weight to value derived from PECV method under Income Approach.

By not assigning weight to the value derived from the Profit Earning Capacity Utilization Method under Income Approach, a more comprehensive and balanced approach is taken into account. The other valuation approaches, such as the Asset Approach and Market Approach, provide a more holistic assessment of the company's value by considering factors beyond just its profit potential.

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CAVEATS AND LIMITATIONS

Purpose and Distribution of Report

The report prepared by the valuer is prepared solely for the purpose as discussed with the management of FMIFSL and should not be used for any other purpose. Except as specifically stated in the report prepared by valuer, the report and its contents may not be quoted or referred to, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without the prior written approval of valuer. Except as set forth in this report, the report is prepared for FMIFSL / Client use only and may not be reproduced or distributed to any third parties without valuer's prior written consent.

Scope of Analysis

The appraisal of any financial instrument or business is a matter of informed judgment. The accompanying appraisal has been prepared on the basis of information and assumptions set forth in the attached report, its appendices, our underlying work papers, and these limiting conditions and assumptions.

Nature of Opinion

Neither the opinion nor the report provided or prepared by the RV are to be construed as a fairness opinion as to the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation, but, instead, are the expression of RV's determination of the fair value of assets between a hypothetical willing buyer and a hypothetical willing seller in an assumed transaction on an assumed valuation date. For various reasons, the price at which the assets might be sold in a specific transaction between specific parties on a specific date might be significantly different from the fair market value as expressed in my report.

Basis of analysis and Assumptions considered

Registered Valuer's analysis:

a) is based on the present financial condition and significant future business plans of FMIFSL assets as of the valuation date;
b) assumes that as of the valuation date the Client and its assets will continue to operate as configured as a going concern;
c) assumes that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed; and
d) assumes that FMIFSL had no undisclosed real or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor had any litigation pending or threatened that would have a material effect on our analysis other than those considered for valuation calculation.
e) is based on various representations given by the management in relation to the fair value of certain assets & liabilities and future business plans.

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Lack of Verification of Information Provided

With the exception of any audited financial statements provided to the RV, the RV has relied on information supplied by FMIFSL without audit or verification. The RV has assumed that all information furnished is complete, accurate and reflects Client's management's good faith efforts to describe the status and prospects of the Client at the valuation date from an operating and a financial point of view. As part of this assignment, the RV has relied upon publicly available data from recognized sources of financial, industry, or statistical information, which have not been verified.

Subsequent Events

The terms of RV as discussed with the management of the Company are such that the valuer has no obligation to update this report or to revise the valuation because of events and transactions occurring subsequent to the date of the valuation unless the RV is engaged to provide valuations in the future.

Legal Matters

The RV assumes no responsibility for legal matters including interpretations of either the law or contracts. The RV has made no investigation of legal title and has assumed that all owners' claims to property are valid. The RV has given no consideration to liens or encumbrances except as specifically stated in financial statements provided to us. The RV have assumed that all required licenses, permits, etc. are in full force and effect. The RV assumes that all applicable federal, state, local zoning, environmental and similar laws and regulations have and continue to be complied with by Client. The RV assumes no responsibility for the acceptability of the valuation approaches used in my report as legal evidence in any particular court or jurisdiction. The suitability of RV's report and opinion for any legal forum is a matter for Client and Client's legal advisor to determine.

Testimony

The RV and its employees, consultants and agents shall not provide any testimony or appear in any legal proceeding unless the valuer coordinates such testimony.

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