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Valuation

Of Equity shares for

Chothani Foods Limited

As on

21st July 2023

(Strictly Private and confidential)

VALUATION REPORT

VRN: IOV/2023-2024/4837

Date: 31st July 2023

To,
The Board of Directors
Chothani Foods Limited

Subject: **Valuation as on 21st July 2023 of Warrants Convertible into Equity Shares of Chothani Foods Limited**

In terms of the engagement letter dated 24th July 2023 of Chothani Foods Limited for the purpose of preferential allotment of warrants convertible into equity shares by the Company, valuation in accordance with Section 23, Section 42 & Section 62(1)(c), of the Companies Act 2013 along with Rule 13 of Companies (Share Capital and Debenture) Rules, 2014 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended thereunder including the Regulation 164 & 166A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 as amended has been duly carried out.

The valuation report is intended solely for the use by the Addressee of the report and my recommendation is based on the events and circumstances prevailing as on valuation date.

I have performed a valuation engagement and presented my valuation report in conformity with the International Valuation Standards issued by the International Valuation Standards Council (IVSC). My analysis and recommendation should be understood in the context of the assumptions and the statements made in this report.

Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as on the valuation date, it is concluded that the fair value of equity shares for issue of preferential allotment of one warrant convertible into one equity share of Chothani Foods Limited of Rs. 10/- each is **Rs. 15.57**.

A detailed valuation report is appended herewith.

Yours faithfully,




Rahul Nathani
Registered Valuer- Securities or Financial Assets
IBBI/RV /02/2022/14763

Valuation of Equity Shares of Chothani Foods Limited

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Valuation of Equity Shares of Chothani Foods Limited

Executive Summary

Client Identity:	Chothani Foods Limited ('CFL') was incorporated on 17 th January 2014, under Companies Act 1956 with Registrar of Companies, Mumbai, Maharashtra. CFL is a Listed Company bearing CIN: L15122MH2014PLC252200. The Registered Office of the Company is situated at Office no. 408, B wing, Dhamji Shamji Corporate Square, Laxmi Nagar, Ghatkopar East, Mumbai-400075, Maharashtra. The equity shares of the Company are listed on BSE Limited (BSE) under the Stock Symbol '540681'.
Business Activity:	CFL is engaged in the business of in manufacturing and supplying of blended spices, whole spices and grinded spices.
Purpose of Valuation:	Recommendation of fair value of equity shares for the preferential allotment of warrants, each convertible into, or exchangeable for, one fully paid-up equity share of the Company of face value Rs. 10/- in accordance with the provisions of Regulation 166A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with Regulation 164 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended.
Base of Value:	Fair Value
Premise of valuation:	Going Concern
Relevant Date:	21 st July 2023
Date of Valuation:	21 st July 2023
Report Date:	31 st July 2023
Conclusion:	Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as of the valuation date, it is concluded that the fair value of equity shares for issue of referential allotment of one warrant convertible into Equity Share of the Company of face value Rs. 10/- each is Rs. 15.57.



Valuation of Equity Shares of Chothani Foods Limited

Company Background

Introduction

Chothani Foods Limited ('CFL') was incorporated on 17th January 2014, under Companies Act 1956 with Registrar of Companies, Mumbai, Maharashtra. CFL is a Listed Company bearing CIN: L15122MH2014PLC252200. The Registered Office of the Company is situated at Office no. 408, B wing, Dhamji Shamji Corporate Square, Laxmi Nagar, Ghatkopar East, Mumbai- 400075, Maharashtra.

The equity shares of the Company are listed on BSE Limited (BSE) under the Stock Symbol '540681'.

Capital Structure of Chothani Foods Limited as on 21st July 2023

Particulars	(Rs.)
Authorized Capital	
55,00,000 Equity Shares of Rs.10/- each	55,00,00,000
Total	55,00,00,000
Issued, Subscribed and Paid up.	
51,60,000 Equity Shares of Rs.10/- each	51,60,00,000
Total	51,60,00,000

Shareholding Pattern as on 21st July 2023:

Sr.no.	Description	No. of shareholders	Total Shares	% Equity
1	Promoters and Promoter Group	8	25,00,000	48.45
2	Public	115	26,60,000	51.55
	Total:	123	51,60,000	100.00

Nature of Business

Chothani Foods Limited was incorporated in the year 1975 in Mumbai (India). CFL is engaged in the manufacturing, exporting and supplying of Blended Spices, Whole spices and Grinned spices. CFL have been supplying the traditional and delectable range of spices. CFL is manufacturer and supplier of different types of spices, meeting highest quality standards in line with customer requirements.

The Company's mission is continuous improvement through sustained and Synchronized efforts to ensure effectiveness of our developing Quality Management System. To maintain the highest standards of quality of the spices, they make sure quality ingredients are used in the preparation process. These ingredients are thoroughly tested on purity, quality and rich taste by the quality controllers.

CFL has two brands "APPU MASALA" & "GAYATRI MASALA". With more than 30 types of Spices and Masalas like Pav Bhaji Masala, Chaat Masala, Tea Masala, Garam Masala, Sambhar Masala, Punjabi Chole Masala, Biryani / Pulav Masala, Kitchen King Masala and various Powders like Red Chilli Powder, Jeera Powder, White Pepper Powder, Turmeric Powder etc. CFL has achieved its significant position in the Consumer Market across India.

Registered office – 507, Garnet Paladium, Panchbawadi, Goregaon east, Mumbai - 400063



Valuation of Equity Shares of Chothani Foods Limited

Terms of issue of Warrants Fully Convertible into Equity Shares

1. The Company proposes to issue up to 50,00,000 Warrants, each convertible into, or exchangeable for One fully paid-up equity share of the Company of face value Rs. 10 (Rupee Ten Only). The Warrants shall be converted into equity shares within a maximum period of 18 months from the date of allotment of the warrants.
2. In accordance with the provisions of Regulation 169 of ICDR Regulations, 25% (Twenty-Five Per Cent) of the Warrant Issue Price, shall be paid by the Warrant Holders to the Company on or before allotment of the Warrants and the balance consideration i.e. 75% (Seventy-Five Per Cent) of the Warrant Issue Price shall be paid at the time of exercise of option to apply for fully paid –up Equity shares of ₹ 10/- each of the Company, against each such Warrants held by the Warrant Holder.
3. The Warrant Holders shall be entitled to exercise his option to convert any or all of the warrants into equity shares of the Company in one or more tranches after giving a written notice to the Company, specifying the number of warrants proposed to be exercised along with the aggregate Warrant Exercise Price payable thereon, without any further approval from the shareholders of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of equity shares of the Company to the Warrant Holders.
4. The respective Warrant Holders shall make payment of Warrant Subscription Price and Warrant Exercise Price from their own bank account into to the designated bank account of the Company.
5. The issue of the Warrants as well as Equity Shares arising from the exercise of the Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof.
6. The entire pre-preferential allotment shareholding of the Warrant Holder(s)/ Proposed Allottee(s), if any, in the Company shall be subject to lock-in as stipulated in the provisions of Regulation 167 of the SEBI ICDR Regulations.
7. In terms of Regulation 166 of the ICDR Regulations, the price of Warrants determined above and the number of Equity Shares to be allotted on exercise of the Warrants shall be subject to appropriate adjustments, if applicable. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the ICDR Regulations, the Warrants shall continue to be locked-in till the time such amount is paid by the Warrant Holder.
8. Upon exercise of the option by Warrant Holder(s), the Company shall issue and allot appropriate number of Equity Shares and perform all such actions as are required including to credit the same to the designated securities Demat account of the Warrant Holder.



Valuation of Equity Shares of Chothani Foods Limited

9. The tenure of Warrants shall not exceed 18 (eighteen) months from the date of allotment. If the entitlement against the Warrants to apply for the Equity Shares of the Company is not exercised by the Warrant Holders within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant Holders to apply for Equity Shares of the Company along with the rights attached there to shall expire and any amount paid by the Warrant Holders on such Warrants shall stand forfeited. The Equity Shares so allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank Pari-passu with the then existing Equity Shares of the Company, including entitlement to voting powers and dividend.
10. The Warrants by itself, until exercised and converted into equity shares, shall not give to the Warrant Holders thereof any rights with respect to that of an Equity shareholder of the Company.
11. The Warrants and Equity Shares issued pursuant to the exercise of the Warrants shall be locked-in as prescribed under the ICDR Regulations.
12. The Equity shares allotted upon conversion of the Warrants will be listed on the Emerge platform of the Bombay Stock Exchange where the existing equity shares of the Company are listed, subject to the receipt of necessary permissions and approvals, as the case may be.

Valuer's Identity and appointment details

Name of the Valuer	Mr. Rahul Nathani
Address of the Valuer	507, Garnet Paladium, Panchbawadi, Goregaon East, Mumbai – 400063, Maharashtra
Contact Detail	9833931354
Email address	rahul@acuereconsultancy.com
Qualifications	FCA, Registered Valuer-SFA, CFA (ICAI), Arbitrator (ICAI)
IBBI Registration No	IBBI/RV/02/2022/14763
Independence and Disclosure of Interest	The undersigned is an independent valuer. There is no conflict - of interest. It is further stated that neither the undersigned nor the relatives /associates are related or associated with Chothani Foods Limited.
Any other experts involved	No
Appointment of Valuer	Appointment as Valuer was done on 24 th July 2023 by Board of Directors of Chothani Foods Limited.
Date Of Valuation	21 st July 2023
Relevant Date	21 st July 2023
Date Of Report	31 st July 2023
Currency	INR



Valuation Approaches, Methods & Basis

A. Valuation Approaches & Methods

As per paragraph 10 of the International Valuation Standard (IVS) 105 - Valuation Approaches and Methods, of International Valuation Standard 2022 issued by International Valuation Standard Council, there are three main valuation approaches:

1. Market approach.
2. Income approach; and
3. Cost approach.

1. **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 valuation methods are commonly used under the market approach:

- a. Market Price Method;
- b. Comparable Companies Multiple (CCM) Method; and
- c. Comparable Transaction Multiple (CTM) Method;

a. **Market Price Method**

Under this method a valuer shall consider the traded price observed over a reasonable period while valuing assets which are traded in the active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market.

b. **Comparable Companies Multiple (CCM) Method**

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparable traded on active market.

c. **Comparable Transaction Multiple (CTM) Method**

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparable (comparable transactions).



Valuation of Equity Shares of Chothani Foods Limited

2. 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 capitalized) 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.

Some of the common valuation methods of equity share valuation 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)

a. Discounted Cash Flow ('DCF') Method

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 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.

b. Relief from Royalty (RFR) Method

RFR Method is a method in which the value of the asset is estimated based on the present value of royalty payments saved by owning the asset instead of taking it on lease. It is generally adopted for valuing intangible assets that are subject to licensing, such as trademarks, patents, brands, etc.

c. Multi-Period Excess Earnings Method (MEEM)

MEEM is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.

d. With and Without Method (WWM)

Under WWM, the value of the intangible asset to be valued is equal to the present value of the difference between the projected cash flows over the remaining useful life of the asset under the following two scenarios:

- i) Business with all assets in place including the tangible assets to be valued; and
- ii) Business with all assets in place except the intangible assets to be valued.



Valuation of Equity Shares of Chothani Foods Limited

3. 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).

Two most commonly used valuation methods under the Cost approach:

- a. Replacement Cost Method; and
- b. Reproduction Cost Method.

a. Replacement Cost Method

Replacement Cost Method, also known as 'Depreciated Replacement Cost Method,' involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

b. Reproduction Cost Method

Reproduction Cost Method involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence.

B. Valuation Basis and Premise of Value

International valuation standard (IVS) 104, issued by International Valuation Standard Council, deals in 'Valuation Bases'. Valuation Bases means the indication of the type of value being used in the engagement. Different valuation bases may lead to different conclusions of value.

IVS 104 deals in 'Premises of Value.' Premise of Value refers to the conditions and circumstances of how an asset is deployed.

Valuation Methodology adopted for valuation of CFL:

Income Approach:

The Discounted Cash Flow (DCF) method works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. In the instant case, the objective is to derive the Fair Market Value of the Equity Shares/Warrants converted into equity shares of the Company as on the Valuation date. Thus, DCF method being the most appropriate method under Income Approach is selected for the purpose of valuation. The projections as provided by the management and used in the DCF model are attached in Appendix.



Valuation of Equity Shares of Chothani Foods Limited

Forecasting free cash flow to shareholders

Free cash flow to the shareholders (FCF) represents the cash flow that a company generates in an accounting period, after paying operating expenses and making necessary expenditures. This cash flow represents the return to shareholders.

FCF can be calculated from the statement of cash flows as follows:

$$\text{FCF} = \text{Cash flow from operations} + \text{After-tax interest expense} - \text{Capital expenditures} - \text{Increase in working capital} - \text{Net Repayment of Debt}$$

Cash Flow from operation (Net Income)

The profit after tax as calculated above in the projections plus depreciation and non-cash charges is taken as the Net Income for stating the computation of free cash flow to shareholders.

Net Capital Expenditure

To underpin growth, companies need to keep investing in capital items such as property, plant and equipment. Net capital expenditure is calculated by taking change in gross fixed assets disclosed in a company's projected sheet.

Change in Working Capital

Working capital refers to the cash a business requires for day-to-day operations or, more specifically, short-term financing to maintain current assets such as debtors. The faster a business expands the more cash it will need for working capital and investment.

Working capital is calculated as current assets minus current liabilities. Net change in working capital are the difference in working capital levels from one year to the next. When more cash is tied up in working capital than the previous year, the increase in working capital is treated as a cost against free cash flow.

Net Repayment of Debt

Net Repayment of Debt represents new debt borrowed as reduced by the debt repaid.

Discount Rate

Having projected the company's free cash flow for the next years, the worth of the cash flows as on date is required. That means selecting an appropriate discount rate which can be used to calculate the net present value (NPV) of the cash flow. The cost of equity has been taken as the discounting factor for discounting the free cash flows to the shareholders.

Cost of Equity

The annual rate of return that an investor expects to earn when investing in shares of a company is known as the cost of equity. That return is composed of the dividends paid on the shares and any increase (or decrease) in the market value of the shares. Under the risk



Valuation of Equity Shares of Chothani Foods Limited

and return model, the cost of equity is derived using a build – up method and Modified CAPM Method.

Cost of Equity under Modified CAPM

Cost of Equity (Ke) = $R_f + \beta \times (R_m - R_f)$

Rf- Risk-Free Rate-This is the amount obtained from investing in securities considered free from credit risk, such as government securities. Rf has been taken to be 7.216% which is Yield on 10 years India Bond Yield as on valuation date. (Source: www.investing.com)

β - Beta - This measure how much a company's share price moves against the market as a whole. A beta of one, for instance, indicates that the company moves in line with the market. If the beta is in excess of one, the share is exaggerating the market's movements; less than one means the share is more stable. Occasionally, a company may have a negative beta (e.g., a gold mining company), which means the share price moves in the opposite direction to the broader market. Beta of the industry has been taken 0.27 which is the average beta of similar industries. Sources (BSE India Website).

Discounted Free Cash Flow to Shareholders (DFC)

All future cash flows are estimated and discounted to give their present values (PVs) – the sum of all future cash flows, both incoming and outgoing, is the net present value (NPV), which is taken as the value or price of the cash flows.

$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \dots + \frac{CF_n}{(1+r)^n}$$

CF = Cash Flow

r = discount rate (WACC)

Discounted Free Cash Flow of shareholders (DCF) = Rs (20.38) Lakhs.

Terminal Value (T.V)

The terminal value is the value of the company's expected cash flow beyond the explicit forecast horizon.

There are several ways to estimate a terminal value of cash flows, but one well known method is to value the company as a perpetuity using the Gordon Growth Model. The model uses this formula:

$$\text{Terminal Value} = \frac{\text{Final Projected Year Cash Flow} \times (1 + \text{Long-Term Cash Flow Growth Rate})}{(\text{Discount Rate} - \text{Long-Term Cash Flow Growth Rate})}$$



Valuation of Equity Shares of Chothani Foods Limited

This formula is however based on the assumption that the cash flow of the last projected year will stabilize and continue at the same rate forever. In the valuation exercise the cash flow of the Company is assumed to stabilize after 5 years and continue to grow at a rate of 5 %.

Terminal Value = Rs. 680 Lakhs

Present value of Terminal Value = Rs. 431.28 Lakhs

Computation of Fair Value by Income Approach - Discounted Cash flow Method

Particulars	Rs in lakhs
Discounted Free Cash Flow to Shareholder	(20.38)
Add: Present Value of Terminal Value	431.28
Add: Surplus Assets	3.67
Less: Lease Liability	-
Value to the Shareholder	414.57
No of Equity shares	51.60
Value per Equity Share	8.03

Asset Approach:

The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes historical cost of net assets only without recognizing its present earnings, comparative financial performance of its peers and their enterprise values etc. Therefore, in general Net Asset Value only reflects the minimum proxy value of the company. In the instant case, the subject company is intended to be continued on a 'going concern basis', therefore, we have applied it but not given any weights as value derived by using asset approach may not be representative of its fair market value.

Adjusted NAV of Chothani Foods Limited as on 31.03.2023 (in lakhs)			
SL. No.	PARTICULARS	Book value	Restated value
A.	ASSETS		
	Non-Current Assets		
	Property Plant and Equipment – Tangible assets	78.08	115.10
	Other Intangible Assets	0.01	0.01
	Goodwill	2.71	2.71
	Investments	19.15	19.15
	Current Assets		
	Inventories	435.15	435.15
	Trade Receivables	648.38	648.38
	Cash and Cash Equivalents	1.21	1.21
	Bank Balances other than above	0.97	0.97



Valuation of Equity Shares of Chothani Foods Limited

	Loans and advances	85.28	85.28
	Other Current Assets	6.84	6.77
	Total	1,277.78	1,314.73
B.	LIABILITIES		
	Non-Current Liabilities		
	Long term Borrowings	48.98	48.99
	Deferred tax liability	4.82	-
	Current Liabilities		
	Short term Borrowings	115.05	115.05
	Trade Payables	419.48	419.48
	Provision for tax	4.00	-
	Other Current Liabilities	6.66	6.66
		598.99	590.17
C.	Net Asset Value (A-B)		724.56
D.	Number of Shares		51.60
E.	NAV per share		14.04

Market Approach:

Chothani Foods Limited is listed on the Bombay Stock Exchange Limited where price of such shares is determined by the market forces i.e., the demand & supply of the shares among the buyers and Sellers. Stock Exchange is one of the most efficient platforms where the price of the shares is determined by market forces and not by assumptions as required in Income approach, therefore we have used Comparable Companies method and Market Price method in accordance with the regulations of SEBI (ICDR) Regulations for valuation of equity share of Chothani Foods Limited.

a. Comparable Companies Multiple (CCM) Method

There are listed Comparable Companies who are operating in a similar line of business to the Company's Business. Hence CCM Method has been considered. A key benefit of Comparable Companies Multiples method is that this methodology is based on the current market price of peer companies which is generally viewed as one of the best valuation metrics as an observable input. However, there is difficulty in the selection of a comparable company since it's rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

In the case of CFL, the peers are selected based on the nature of business and traded volume considering the total sales of comparable Companies weights are applied to the multiples of the comparable companies to arrive at the weighted average multiples.

SL No	Comparable Companies	EV/Sales	Weights assigned
1	Jetmall Spices	0.74	30%
2	NHC foods	0.18	60%
3	Naturite agro	0.26	10%
	Weighted Average Multiple	1.18	100%



Valuation of Equity Shares of Chothani Foods Limited

SL No	Particulars	EV/Total Assets (IN lakhs)
1	Total Sales of CFL as on 31 st March 2023	821.03
2	Weighted Average Multiple	1.18
	Market Cap	966.00

Computation of fair value by Multiple Approach - Comparable Companies Method

Particulars	Details
Enterprise Value	966.00
Value of Debt	164.03
Value to Shareholders	801.97
No. of Equity Shares	51.60
Value per Equity Share	15.54

a) Market Price Method

Under the Market Approach, Market Price Method has been adopted, wherein the traded price, market and volume of the stock are observed over a reasonable period while valuing assets which are traded in the Active Market. The pricing guideline of Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR) have been relied upon for valuing the equity share of SRL under the Market Price Method.

As per the Regulation 164 of the SEBI ICDR read with Regulation 161 the pricing guideline for Pricing of frequently traded shares are as follows:

If the equity shares of the issuer have been listed on a recognized 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.

Since the equity shares of Chothani Foods Limited are frequently traded in the recognized stock exchanges, market approach has been duly considered for the valuation of the equity shares of the Company.

For the purpose of this Chapter, "relevant date" as per **Regulation 161** means

- 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:



Valuation of Equity Shares of Chothani Foods Limited

- b. in case of a preferential issue of convertible securities, the relevant date referred to in clause (a) of this regulation or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

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

Valuation of Equity Share of Chothani Foods Limited as per the SEBI ICDR

Working of 90 trading days' volume weighted average price (VWAP) preceding the relevant date (Amount in Rs.)

SL NO	Date	VWAP	Total Traded Quantity	VWAP*Traded Quantity
1	26-Jun-23	15.65	10,000	156,500
2	20-Jun-23	14.67	10,000	146,700
3	19-Jun-23	16.19	30,000	485,600
4	15-Jun-23	15.20	10,000	152,000
5	14-Jun-23	13.91	20,000	278,200
6	08-Jun-23	14.01	20,000	280,200
7	07-Jun-23	15.30	10,000	153,000
8	06-Jun-23	16.90	80,000	1,352,100
9	05-Jun-23	15.76	70,000	1,103,000
10	02-Jun-23	12.60	20,000	252,000
11	01-Jun-23	11.00	10,000	110,000
12	29-May-23	10.81	20,000	216,200
13	15-May-23	11.16	40,000	446,300
14	10-May-23	10.00	20,000	200,000
15	8-May-23	11.25	50,000	562,500
16	27-Apr-23	11.53	20,000	230,600
17	24-Apr-23	11.42	10,000	114,200
18	20-Apr-23	13.55	10,000	135,500
19	13-Apr-23	15.35	20,000	306,900
20	29-Mar-23	16.50	90,000	1,485,000
21	27-Mar-23	16.49	10,000	164,900
22	20-Mar-23	16.09	10,000	160,900
23	10-Mar-23	14.70	10,000	147,000
24	08-Mar-23	15.60	10,000	156,000
25	01-Mar-23	17.29	20,000	345,800
26	27-Feb-23	16.19	70,000	1,133,000
27	23-Feb-23	17.55	10,000	175,500
28	16-Feb-23	16.00	50,000	800,000
29	10-Feb-23	17.56	170,000	2,986,000
30	09-Feb-23	18.00	50,000	900,000
31	08-Feb-23	16.50	220,000	3,631,000
32	07-Feb-23	15.91	40,000	636,500
33	03-Feb-23	16.50	10,000	165,000
34	31-Jan-23	16.85	10,000	168,500
35	20-Jan-23	16.96	160,000	2,714,000



Valuation of Equity Shares of Chothani Foods Limited

36	19-Jan-23	16.18	30,000	485,500
37	18-Jan-23	15.45	810,000	12,513,500
38	17-Jan-23	15.33	30,000	460,000
39	16-Jan-23	15.00	10,000	150,000
40	12-Jan-23	15.75	10,000	157,500
41	09-Jan-23	16.27	170,000	2,766,000
42	05-Jan-23	15.69	270,000	4,236,500
43	04-Jan-23	14.68	340,000	4,989,500
44	02-Jan-23	14.45	10,000	144,500
45	28-Dec-22	15.20	10,000	152,000
46	23-Dec-22	15.25	10,000	152,500
47	21-Dec-22	14.85	10,000	148,500
48	20-Dec-22	14.92	70,000	1,044,400
49	19-Dec-22	14.23	10,000	142,300
50	16-Dec-22	13.31	610,000	8,121,900
51	14-Dec-22	12.34	20,000	246,800
52	13-Dec-22	12.31	30,000	369,300
53	09-Dec-22	13.56	40,000	542,400
54	07-Dec-22	13.54	10,000	135,400
55	06-Dec-22	14.55	20,000	290,900
56	05-Dec-22	15.46	200,000	3,091,100
57	02-Dec-22	15.16	30,000	454,800
58	01-Dec-22	14.44	10,000	144,400
59	30-Nov-22	13.76	10,000	137,600
60	28-Nov-22	13.11	60,000	786,600
61	25-Nov-22	12.49	10,000	124,900
62	24-Nov-22	11.90	10,000	119,000
63	23-Nov-22	10.98	120,000	1,317,900
64	22-Nov-22	10.55	20,000	211,000
65	21-Nov-22	10.29	10,000	102,900
66	18-Nov-22	9.80	30,000	294,000
67	17-Nov-22	9.36	20,000	187,100
68	16-Nov-22	10.19	10,000	101,900
69	09-Nov-22	11.30	80,000	904,000
70	02-Nov-22	12.16	20,000	243,200
71	27-Oct-22	13.50	10,000	135,000
72	25-Oct-22	14.25	20,000	285,000
73	17-Oct-22	14.00	20,000	280,000
74	14-Oct-22	14.00	10,000	140,000
75	30-Sep-22	12.95	10,000	129,500
76	16-Sep-22	13.60	10,000	136,000
77	15-Sep-22	13.40	10,000	134,000
78	14-Sep-22	13.40	10,000	134,000
79	13-Sep-22	14.10	10,000	141,000
80	12-Sep-22	14.65	170,000	2,491,000
81	09-Sep-22	15.75	120,000	1,890,000
82	07-Sep-22	17.00	20,000	340,000
83	05-Sep-22	16.14	50,000	807,000
84	02-Sep-22	16.65	270,000	4,495,500



Valuation of Equity Shares of Chothani Foods Limited

85	01-Sep-22	18.45	10,000	184,500
86	20-Jul-22	20.50	130,000	2,665,000
87	08-Jul-22	21.55	20,000	431,000
88	24-Jun-22	20.75	10,000	207,500
89	09-Jun-22	20.40	10,000	204,000
90	08-Jun-22	20.05	20,000	401,000
		Total	55,20,000	8,35,51,400

Working of 10 trading days' volume weighted average price (VWAP) preceding the relevant date (Amount in Rs.)

SL NO	Date	VWAP	Total Traded Quantity	VWAP*Traded Quantity
1	26-Jun-23	15.65	10,000	156,500
2	20-Jun-23	14.67	10,000	146,700
3	19-Jun-23	16.19	30,000	485,600
4	15-Jun-23	15.20	10,000	152,000
5	14-Jun-23	13.91	20,000	278,200
6	08-Jun-23	14.01	20,000	280,200
7	07-Jun-23	15.30	10,000	153,000
8	06-Jun-23	16.90	80,000	1,352,100
9	05-Jun-23	15.76	70,000	1,103,000
10	02-Jun-23	12.60	20,000	252,000
		Total	2,80,000	43,59,300

Particulars	Details (Rs)
90 Trading Days VWAP	15.14
10 Trading Days VWAP	15.57
As per SEBI ICDR price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the above	15.57

Value Conclusion

SL No	Valuation Approach	Valuation Method	Value per Share (Rs)
1	Asset approach	Adjusted Net Asset Value	14.04
2	Income approach	DCF	8.03
3	Market Approach	Company Comparable Method	15.54
		Market Price Method	15.57
	*As per Regulation 166A of SEBI (ICDR) the floor price of per equity share is		15.57



Valuation of Equity Shares of Chothani Foods Limited

*As per Regulation 166A of SEBI (ICDR) Regulations

(1) 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:

Therefore, the floor price per share is Rs 15.57

Recommended Value

The recommended value of one warrant convertible into Equity Share of the Company of face value of Rs 10/- each is Rs. 15.57 per equity share/warrant.

Sources of Information

The following information and documents are being used in this appraisal:

- Discussions with the Company's Management.
- Minutes of the Board Meetings
- Board Resolution
- Annual Report 22-23
- Financial Statements of the company as on 21st July 2023.
- Projections provided by the management.
- BSE Portals
- Various Websites
- Other documents



Independence of Appraiser

I am independent of the Company and its fee for this report is not contingent in any way upon the opinion of the realizable value of the equity shares/warrants of Chothani Foods Limited to be valued. I am not aware of any conflicts of interest. My engagement does not in any way preclude the Client from seeking other independent opinions of the realizable value of the equity shares/warrants of Chothani Foods Limited from other sources.

Contingent and Limiting Conditions

This appraisal is made subject to the following general contingent and limiting conditions:

1. The analyses, opinions, and conclusions presented in this report apply to this engagement only and may not be used out of the context presented herein. This report is valid only for the effective date specified herein and only for the purpose specified herein.
2. Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.
3. The company and its representatives warranted to me that the information supplied to me was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with the generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification.
4. Financial information of the subject company is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for other purpose. Because of the limited purpose of the information presented, it may be incomplete and contain departures from the generally accepted accounting principles.
5. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without my written consent. This report and the conclusion of the value arrived at herein are for the exclusive use of the client for the sole and specific purposes as noted herein.



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6. I do not provide assurance on the achievability of the results forecasted by the client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the *forecasted results is dependent on actions, plans, and assumptions of management.*
 7. The conclusion of value arrived at herein is based on the assumption 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 owner's participation would not materially or significantly change.*
 8. This report and the conclusion of the value arrived at herein are for the exclusive use of the client's sole and specific purpose as noted herein.
 9. The report and the conclusion of the value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of the registered valuer, based on information furnished by the client and other sources.
 10. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s) or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without my approval.
 11. This valuation reflects the facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and I have no obligation to update the report for such events and conditions.
 12. The analyst, by reason of this valuation, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
 13. The engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
 14. No change in any item in this valuation/conclusion report shall be made by anyone other than me and I shall have no responsibility for any such unauthorized change.
 15. It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non-compliance is stated, defined, and *considered in the report.*



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16. I assume no responsibility concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this respect.
 17. I have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report.
 18. I have made no investigation of title to property and assume that the owner's claim to the property is valid. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances of that the entity has good title to all assets.
 19. The draft of the present report was circulated to the management for confirming the facts stated in the report and to confirm that the information of facts stated are not erroneous.

