

June 06, 2024

Ref: ACFL/Valuation/24-25

**Board of Directors****Apex Capital and Finance Limited**Flat No. F, 8th Floor, Hansalaya Building,  
Connaught Place, New Delhi-110001, India.

Dear Sirs,

**Subject: Report on Evaluation of Fair Value of Equity Shares of Apex Capital and Finance Limited.****I. Purpose:**

I, Anil Rustgi, Registered Valuer (in respect of Securities or Financial Assets) under the Companies Act, 2013 and having registration no. IBBI/RV/05/2019/12313 (hereinafter referred to as "**Valuer**" or "**we**" or "**I**" or "**us**") have been engaged via engagement letter dated May 29, 2024 by Apex Capital And Finance Limited (CIN: L65910DL1985PLC021241), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at Flat No. F, 8th Floor, Hansalaya Building, Connaught Place, New Delhi -110001, India. (hereinafter referred to as "**ACFL**" or "**the Company**") for valuation of its Equity Shares (hereinafter referred to as "**Financial Securities**").

I have been informed by the management of the Company that the valuation is required for the purpose of compliance of Sections 42, 62 and other relevant provisions of the Companies Act, 2013 and the rules made there under w.r.t proposed allotment of Convertible Warrants on a Preferential Basis to one or more persons/entities (hereinafter referred to as "**Proposed Investors**").

The scope of our services is to conduct the valuation of Financial Securities and determine the fair value of Financial Securities in accordance with internationally accepted valuation standards/other applicable valuation standards for the limited purpose of compliance under the Companies Act, 2013 and may not be used for any other purpose.

Based on the discussion with the management, we have considered the valuation cut-off date as closure of business hours of March 31, 2024. ("**Valuation Date**" or "**Valuation Cut-off Date**")

**II. Disclosure regarding identity of the Valuer and Conflict of Interest:**

I, Anil Rustgi, having office at 524, Tower 6, HEWO I, Sector 56, Gurugram -122011, am a Registered Valuer in respect of Securities or Financial Assets, duly registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV/05/2019/12313.

I do not have any conflict of interest in the present valuation exercise as I do not hold any share or other pecuniary interest in the Company under the valuation except fee or any other payment received/to be received for carrying out any professional services, if any. I am not associated with the management of the Company, their promoters or any other group company in any way other than in professional capacity, if any. Accordingly, there is no conflict of interest among the Valuer and the Company under the valuation exercise. Prior to accepting this engagement, I have considered my independence.

I will receive a fee for our services in connection with the delivery of this Valuation Report and my fee is not contingent upon the result of proposed transaction.



**III. Background information of Apex Capital and Finance Limited**

Apex Capital and Finance Limited ("ACFL/Company") was originally incorporated on June 18, 1985 as a Public Limited Company in the name of "Apex Finance Limited", under the provisions of the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Haryana. The Company obtained Certificate for Commencement of Business on June 24, 1985. The name of the Company was changed from "Apex Finance Limited" to "Apex Finance and Leasing Limited" vide fresh certificate of incorporation consequent upon change of name dated April 06, 1987 issued by the Registrar of Companies, NCT of Delhi and Haryana. Subsequently, the name of the Company was changed from "Apex Finance and Leasing Limited" to "Apex Home Finance Limited" vide fresh certificate of incorporation consequent upon change of name dated June 05, 1998 issued on by the Registrar of Companies, NCT of Delhi and Haryana. Further the name of the Company was changed to its present name "Apex Capital and Finance Limited" vide certificate of incorporation consequent upon change of name dated November 28, 2018 issued by Ministry of Corporate Affairs, Registrar of Companies, NCT of Delhi and Haryana.

The Corporate Identity Number of the Company is L65910DL1985PLC021241.

The Company is currently Listed with BSE Limited vide Security Code "541133" & Security ID "ACFL".

The Company is registered as a Non-Deposit Accepting Non-Banking Finance Company (NBFC) with Reserve Bank of India. The Company currently holds a valid registration Certificate issued by the Reserve Bank of India vide Registration number B-14.00473 dated May 06, 2002.

The main business of the Company is lending/advancing of short term and /or long term finance to any individual, firm, company, bodies corporate, corporation, society etc. whether at interest or without interest and with or without security.

**IV. Sources of Information:**

For the purpose of arriving at the Valuation, we have essentially relied on the information provided to us by the Management of ACFL which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects. In particular, we were provided with the following information by the management of ACFL for the purpose of our value analysis:

- Management Certified Financial Projections of ACFL for financial years ending on March 31, 2025 to March 31, 2028.
- Brief write up about ACFL.
- Shareholding Pattern of ACFL as on valuation date.
- Audited Financial Statements of ACFL for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022.
- MoA and AoA of ACFL.

In addition to the above, we have also obtained explanations and other information as considered necessary by us for our exercise from the management of ACFL.

For the purpose of our value analysis, we have used the following information that is available in public domain:



- For the purpose of determining Risk free rate, average yield on 10 years Government of India Securities (10 Year GS) has been considered.  
(Source: RBI Monthly Bulletin- March 2024).
- For calculation of Market Return, we have considered the Compounded Annual Growth Rate (CAGR) of BSE Sensex for the period starting from January 02, 1991 to March 31, 2024. (Source: BSE Website)
- Beta of ACFL has been taken 0.72 (comparable listed companies in India).

#### V. Procedure adopted and valuation method(s) followed for the assignment:

In connection with this exercise, we have adopted following approaches to carry out the valuation:

- Requested and received financial and other information.
- Considered relevant data available in public domain.
- Discussed (over call) with management to understand the business of the Company, its historical financials and its future business plans.
- Selection of valuation methodologies as considered appropriate by us for the present exercise.

#### VI. Approach Considered in our Value Analysis:

##### General Principle for Valuation

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

##### Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the shares/division of the Company. There are a number of valuation methodologies to value companies / businesses using historical and forecast financials of the company. Commonly used valuation methodologies are as follows:

##### ↓ Net Asset Value (NAV) Method

This assets based valuation technique is based on the value of the underlying net assets of the business, either on book value basis or realizable value basis or on replacement cost basis. The net asset value ignores the future returns the asset can produce and is calculated using historical accounting data. This valuation approach is mainly used in the case where the business is to be liquidated i.e it does not meet the going concern criteria or in case where the assets base dominates earnings capability. ACFL is a growing start-up company and its substantial value lies in the future earnings.

##### ↓ Discounted Cash Flow (DCF) Method

Under DCF Method, the projected free cash flows of the Company/ business are discounted at a discount rate which reflects perceived riskiness of the projected cash flows in order to arrive at their present value. Then, the terminal value of the Company/ business is calculated based on the free cash flow of the last year of the forecast period, which is based on the future long-term growth of the revenues. This terminal value is then discounted to get the present terminal value. The present value of free cash flows for the projected period and present value of terminal value is added to arrive at the enterprise value. Thereafter, adjustment for non-operating assets/liabilities, surplus cash and cash Equivalents is made to arrive at the fair value of the Company/business. Being a growing start-up company, value of ACFL lies in future earnings and future positive cash generation capacities.



#### ↓ Market Price Method

The market price of and equity share quoted on a stock exchange is normally considered as the value of equity share of the Company. If such shares are frequently traded, Equity Shares of ACFL are not frequently traded on stock exchanges and therefore, Market Price Method is not relevant for the present valuation exercise. Hence, we have not considered this method for the valuation.

#### ↓ Comparable Company Multiples (CCM) Method

Under CCM Method, value of equity shares of a company/business undertaking is arrived at using multiple derived from valuation of comparable companies as manifest through stock exchange valuation 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 the valuation. Relevant multiples need to be chosen carefully and adjusted for difference between the circumstances.

#### VII. Basis for arriving at Fair Value:

##### ✓ For Equity Shares:

The Net Asset Value per share of ACFL, based on the audited financial figures of March 31, 2024, being the latest available provisional financial statements, is Rs. 51.96 (Rupees Fifty One and Paise Ninety Six Only).

Particulars	Amount/Value (In Rs. lakhs except where specifically mentioned)
A= Book value of all the assets in the balance sheet	3237.62
L: Book value of Liabilities shown in the balance sheet	161.90
<b>Net Asset Value (A-L)</b>	<b>3075.73</b>
Paid up equity capital (PE)	5,91,99,780
Paid up value of each Equity Share (PV) (In Rs.)	10.00
Value per equity share (A-L) × (PV)/(PE) (In Rs.)	<b>51.96</b>

The Fair Value of Equity Shares of ACFL as per Discounted Cash Flow Method is as under:

Particulars	Currency- Indian Rupees in Lakhs (Rs. in Lakhs) except specifically stated
Present Value of Free Cash Flows of explicit forecasted period (A)	2605.25
Present Value of Terminal Cash Flow (B)	3257.90
<b>Enterprise Value (C=A+B)</b>	<b>5863.16</b>
Add:- Value of investments as on Valuation Date (D)	1511.00
Add:- Cash and Cash Equivalents as on Valuation Date (E)	54.77
Add:- Expected Proceeds from ESOP Shares (F)	-
Less: Debt as on Valuation Date (G)	-
Equity Value as on Valuation Date [PRE-MONEY] (H=C+D+E+F-G)	<b>7428.93</b>

Number of Equity Shares as on Valuation Date(Face Value of Rs. 10 each) (Nos.) (I)	59,19,978
Value per Equity Shares of ACFL as on Valuation Date (in Rs.) (J=H/I)	125.49
Value per Equity Shares of ACFL as on Valuation Date (Rounded Off)	125.00

Based on the DCF Method, fair Equity Value of ACFL as on the Valuation Date is Rs. 7428.93 Lakhs and value per Equity Share is Rs. 125.00.

The working sheet for arriving the valuation using DCF Method is attached as Annexure A.

The Fair Value of Equity Shares of ACFL as per Comparable Company Method is as under:

In this we use EBITDA Multiple as it is universal multiple

Enterprise Value as per EBITDA Multiples	-1,638.16	19,032.56
Less: Debt	-3,486.50	-3,486.50
Add: Cash & Cash Equivalents	154.99	235.77
Add: Investment	1,511.00	1,511.00
Total Equity Value	-3,458.67	17,292.83
No of Equity shares ( In Rs.)	59,19,978.00	59,19,978.00
Equity Value Per Share	-58.42	292.11
Average of both the Equity Price		116.84

The comparative figures of the three valuation methodologies is as under:

Particulars	Valuation Per Share (in Rs.)
Net Asset Value per share (A)	51.96
Discounted Cash Flow (B)	125.49
Comparable Company Method (C)	116.84
Higher of (A), (B), and (C)	125.49
Fair Value per equity share (In Rs.)  Rounded up	125.00

#### VIII. Valuation Conclusion:

We have formed an opinion on the Fair Value of Financial Securities of ACFL, based on the information provided by the Management of ACFL. We are of the opinion that **as on Valuation Date, fair value of one Equity Share of ACFL is Rs. 125.00 (Rupees One Hundred and Twenty Five Only).**

The valuation is subject to the information as made available to us by the management of ACFL.

#### Caveats, Limitations and Disclaimers on the Valuation of Financial Securities of ACFL: Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. We do not take any responsibility for the unauthorized use of this report.

**Responsibility of Registered Valuer**

We owe responsibility to only to the client that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.

**Accuracy of Information**

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

**Achievability of the forecast results**

We do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

**Post Valuation Date Events**

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

**Range of Value Estimate**

The valuation of the Company is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client request, we have provided a single value we consider the valuation to be both reasonable and defensible based on the information available; others may place a different value.

**Reliance on the representations of the clients, their management and other third parties**

Though information provided and assumptions used by management/others in developing projections have been appropriately reviewed, enquiries made regarding basis of key assumptions but the client and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the clients, their management and other third parties concerning the financial data, we shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Company, their directors, employee or agents.

**No procedure performed to corroborate information taken from reliable external sources.**

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.





**Compliance with relevant laws**

The report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.

**Multiple factors affecting the Valuation Report**

The valuation report is tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the balance sheet but could strongly influence the value.

**Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report**

We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.

**Unavailability of information as on Valuation Date:**

Fair Value of the company has been performed on the provisional unaudited standalone balance sheet provided by management as of the valuation date. The management has also confirmed that there has not been any material change since the last available financial statements.

We had provided draft copy / workings of this report to the management of the Company, who confirmed to the best of their knowledge and belief that the factual information contained within this report is correct and that there are no material omissions. We reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this report comes to light that has a material impact on the conclusions herein.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the client. Our report is subject to the scope and limitations detailed herein. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. However, as purpose requires the expression of a single value, we have adopted a single value. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the Company.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.



The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.

In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

**Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report**

We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets. It is out of scope of the Assignment. However, if the Company seek our evidence in the proceedings, it shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.



(ANIL RUSTGI)

Registered Valuer

RV No.: IBBI/RV/05/2019/12313

Place: Gurugram



## Annexure-A

## Valuation workings of ACFL as per DCF Method

## Annexure-A

## APEX CAPITAL AND FINANCE LIMITED

INR In Lakhs Valuation as on March 31, 2024 Particulars	Projected				Terminal /Perpetuity
	12 Month 31-Mar-25	For the year ended March 31			
	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	
Net Operating Revenue	1,130	1,243	1,368	1,504	1,559
Total Operating Expenses excluding Depreciation	147	162	178	263	271
<b>EBITDA</b>	<b>983</b>	<b>1,082</b>	<b>1,190</b>	<b>1,241</b>	<b>1,278</b>
EBITDA %	87%	87%	87%	84%	83%
Less: Depreciation and Amortization	0.26	0.54	0.56	1.01	2.28
<b>EBIT</b>	<b>983</b>	<b>1,081</b>	<b>1,180</b>	<b>1,240</b>	<b>1,276</b>
Less: Tax	151	247	272	299	321
Effective Tax Rate	15.30%	22.80%	22.88%	24.14%	25.17%
<b>PAT</b>	<b>832</b>	<b>834</b>	<b>907</b>	<b>941</b>	<b>955</b>
Add: Depreciation	0.26	0.54	0.56	1.01	2.28
Less: Capex	1.00	1.40	1.82	2.28	2.28
Less: Increase/(Decrease) in Working Capital	70	9	12	8	2
<b>Free Cash Flow to the Firms</b>	<b>762</b>	<b>824</b>	<b>904</b>	<b>932</b>	<b>952</b>
Discount Factor	0.92	0.78	0.65	0.55	
Discount Period	0.50	1.50	2.50	3.50	
<b>Discounted Cash flows of Forecast Period</b>	<b>700</b>	<b>639</b>	<b>592</b>	<b>515</b>	
<b>Terminal Growth Rate</b>		<b>3.00%</b>			
<b>Terminal Cash Flow</b>					<b>6,153</b>
WACC					<b>18.48%</b>

Calculation of Value Per Share	
Present Value of Free Cash Flows of explicit forecasted period (A)	2,445.37
Present Value of Terminal Cash Flow (B)	3,399.11
<b>Enterprise Value (C=A+B)</b>	<b>5,844.48</b>
Add:- Value of investments as on Valuation Date (D)	1,511.00
Add:- Cash and Cash Equivalents as on Valuation Date (E)	54.77
Add:- Expected Proceeds from ESOP Shares (F)	-
Less:- Debt as on Valuation Date (G)	-
Equity Value as on Valuation Date [PRE-MONEY] (H=C+D+E+F-G)	<b>7,410.26</b>
Number of Dilutive Financial Securities as on Valuation Date (including potential conversion on account of existing CCPSs, CCPSs & ESOP Pools) (Face Value of Rs. 10 each) (Nos.) (I)	59,19,978.00
Value per Financial Securities of GLPL as on Valuation Date (in Rs.) (J=H/I)	<b>125.17</b>
Value per Financial Securities of GLPL as on Valuation Date (Rounded Off)	<b>125.00</b>



## Annexure- A Contd.

## Basis for calculation of Weighted Average Cost of Capital (WACC)

Calculation of Cost Of Equity	
Risk Free Rate (Rf) (Source: RBI Monthly Bulletin- March 2024 (Yield on 10 Yrs G-Sec of Government of India)	7.22%
Market rate of return (Rm) (Source: CAGR of BSE SENSEX from Jan 1991 to March, 2024)	13.80%
Equity Risk Premium (ERP=Rm-Rf)	6.58%
Beta Value	0.72
Cost of Equity (Ke) [Rf + $\beta$ * ERP]	11.98%
Company Specific Risk Premium (CSRP)	6.50%
Adjusted Cost of Equity (Ke) [Rf + $\beta$ * (Rm - Rf) + CSRP]	18.48%

Calculation of Cost of Debt	

Long Term Capital Structure (Based on the discussion with the Management)	
Debt	0.00%
Equity	100.00%

Calculation of WACC	
Cost of Debt	0.00%
Weight of Debt	0.00%
Cost of Equity	18.48%
Weight of Equity	100.00%
<b>WACC</b>	<b>18.48%</b>

Beta Calculation	
Beta of the Company	0.72

Market Return (Rm)	
BSE SENSEX (closing) as on January 02, 1991	999.26
BSE SENSEX (closing) as on March 31, 2024	73651.35
Time Period between January 02, 1991 and March 31, 2024 (in Years)	33.27
Compounded Annual Growth Rate (CAGR) of BSE SENSEX	13.80%

