

June 10, 2024

# VALUATION REPORT

KAVVERI TELECOM PRODUCTS LIMITED

Registered Office: Plot No.31-36, 1st Floor, 1st Main,  
2nd Stage Arakere Mico Layout, Bannerghatta Road,  
Bangalore 560 076



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

To

The Board of Directors  
KAVVERI TELECOM PRODUCTS LIMITED,  
PLOT NO.31-36, 1ST FLOOR, 1ST MAIN,  
2ND STAGE ARAKERE MICO LAYOUT,  
BANNERGHATTA ROAD, BANGALORE 560 076

June 10, 2024

Dear Sirs,

Sub: Report on valuation of equity shares of KAVVERI TELECOM PRODUCTS LIMITED for issue of share warrants.

I refer to my engagement letter dated June 1, 2024, where KAVVERI TELECOM PRODUCTS LIMITED (KTPL or the Company) have appointed the undersigned registered valuer (hereinafter referred as I or valuer) to recommend fair value of fully convertible share warrants to be issued on preferential / private placement basis under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) ("SEBI ICDR Regulations).

**1. Background Information of the asset being valued:**

KAVVERI TELECOM PRODUCTS LIMITED (KTPL or the Company) was incorporated in the year 1996 to carryout business as a Technology Company to design, develop and manufacture Radio Frequency (RF) products and Antennas to cater to commercial, defence and space wireless industry.

The equity shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) (Under Permitted Category) (BSE and NSE are together known as stock exchanges). The Company proposes to issue fully convertible share warrants for which they have appointed the undersigned valuer to issue a report on fair value of shares of the Company.

**2. Purpose of valuation and appointing authority;**

I understand that the Company proposes to raise funds by issuance of equity shares / warrants through permissible modes including by way of private placement under the Companies Act, 2013 read with the rules notified thereunder and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations).



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

In this connection, the management of the Company is required to determine fair value of equity share of KTPL by a registered valuer registered with Insolvency and Bankruptcy Board of India and obtain valuation report.

KTPL has through an engagement letter dated June 1, 2024, appointing the undersigned valuer to determine fair value of shares in accordance with SEBI ICDR regulations and issue a valuation report for the purpose.

**3. Bases of Value and Premise of Valuation;**

I have used fair value Base of Valuation and Going Concern Premise for the valuation. I have followed ICAI valuation standards for the valuation engagement.

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.

Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

**4. Identity of the RV and any other experts involved in the valuation;**

|  |   |
|--|---|
| Name:                                    | Bhaskar Sheshagiri Rao, B.com, FCA  |
| Address:                                 | 16, 5th A Main, Oballappa Garden, KR Road, Banashankari II Stage, Bangalore 560 070 |
| IBBI Registered valuer registration no.: | IBBI/RV/06/2019/12116   |
| IBBI Assets class registration:          | Securities and Financial Assets   |

There are no other experts involved in the valuation.

**5. Intended Users of the Valuation;**

The intended users are the Company directors, shareholders and prospective investors.



**6. Disclosure of RV interest or conflict, if any;**

I am an independent valuer and am not affiliated to the Company being valued in any manner whatsoever. I don't have a present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

I have no interest present or contemplated financial interest in the Company. I have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report.

The report is my deliverable for the engagement. The fee paid for my services in no way influenced the results of my analysis.

**7. Date of appointment, valuation date and date of report;**

|                     |               |
|---------------------|---------------|
| Date of Appointment | June 1, 2024. |
| Valuation Date      | June 5, 2024  |
| Report Date         | June 10, 2024 |

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.

**8. Inspections and / or investigations undertaken;**

- ✓ Review and analysis of audited financial results;
- ✓ Review of financial forecasts prepared by the Company;
- ✓ Discussions with the management;
- ✓ Review of comparable companies

**9. Business interest, ownership characteristics;**

KAVVERI TELECOM PRODUCTS LIMITED (KTPL or the Company) was incorporated in the year 1996. The registered office of the Company is situated at Plot No. 31-36, 1st Floor, 1st Main, 2nd Stage Arakere Mico Layout, Bannerghatta Road, Bangalore 560 076.



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

The Company is a Technology Company pursuing the main object of design, develop and manufacture Radio Frequency (RF) products and Antennas to cater to commercial, defence and space wireless industry.

The Company's products were designed and developed in the Research and Development Centre, recognised by the Ministry of Science and Technology, over the last 30 plus years.

The customers served by KTPL over the years include cellular operators like Vodafone Idea Tata Tele Services Ltd, Airtel, BSNL, MTNL, BEL, ECIL, Airport Authority of India and Reliance Jio etc.

The Board of Directors include,

- Chennareddy Shivakumarreddy
- Lakshmipuram Rajagopalachar Venugopal
- Rajpeta Kasturi Hanumenthareddy
- Shankarnarayan Srikantiah Bangalore
- Narayan Keerthi

The capital structure of the Company as on date is as follows:

| Particulars               | No of Shares at par value of Rs. 10/- | Amount in Rs.in Lakhs |
|---------------------------|---------------------------------------|-----------------------|
| <b>Authorised Capital</b> |                                       |                       |
| Equity Share Capital      | 2,50,00,000                           | 2,500.00              |
| <b>Issued Capital</b>     |                                       |                       |
| Equity Share Capital      | 2,01,24,260                           | 2,012.43              |

The shareholding of the Company is as under:

| Particulars                 | No of Shares | Shareholding % |
|-----------------------------|--------------|----------------|
| Promoter and Promoter Group | 30,45,931    | 15.14          |
| Public Holding              | 1,70,78,329  | 84.86          |
| Total                       | 2,01,24,260  | 100.00         |

**10. Nature and sources of information;**

I have obtained sufficient information and relied on the data, facts, information, documents, and explanations as authenticated and provided to me by the management and other data available in public domain.



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

For the purpose of arriving at the fair value, and my conclusions are dependent on and subject to such information being complete and accurate in all material respects.

The principal sources of information used in undertaking my assessment include:

- Audited financial statements for the year ended March 31, 2024;
- Financial forecasts provided by the Company;
- Other relevant details relating to the Company such as shareholding pattern, data and information available in the public domain, information furnished by the management.

I have also undertaken analysis of other facts and data considered pertinent to this valuation analysis.

The Company has been provided with an opportunity to review the draft report, (excluding the value) for this engagement to make sure that factual inaccuracies and omissions are avoided in the final report.

**11. Significant Assumptions, if any;**

- a. In rendering the aforesaid services, I have relied upon various materials / information provided by the management of the Company (the management). My report is based on the historical / other information provided to me by the management. Because of the limited purpose of this report, the financial information provided in this report may be incomplete and contain departure from generally accepted accounting principles. I have not verified the accuracy and reliability of the information provided and the procedures that I used to perform the work do not constitute an audit or review made under any generally accepted accounting standards.
- b. According to the Company's management, there have been no major events or occurrences after the date of valuation liable to have a significant impact on my valuation and which have not been considered for the purposes of this report.
- c. As per the consolidated audit report of the Company for the year ended 31.03.2024. the Company has invested in the following subsidiaries which has not been consolidated in the financial results - Kavveri Telecom Infrastructure Limited (Under liquidation), EAICOM India Private Limited (financials not available since 2021), Kavveri Technologies Americans Inc., New England Communications Systems Inc., Quality Communications Systems Inc., Spotwave Wireless Ltd., Trackcon Systems International Inc.. The total investment in these companies as per the financial statements is Rs. 2,144.10 Lakhs and advances given to these companies is Rs. 1,185.83 Lakhs. The financial information about these companies are not available. As per the audit report, the subsidiaries have been incurring losses and in some of these companies, the net worth was fully or substantially eroded. KTPL has not made fair valuation of these investments / advances. For arriving at fair value of shares, these investments / advances have been considered at nil realizable value.



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

- d. As per the consolidated audit report, In respect of preparation of financial statements of "the group" on going concern basis, during the Year ended, "the group" has incurred a Net loss of Rs. 133.50 Lakhs resulting into accumulated losses of Rs. 9,224.81 Lakhs. "The group" has obligations towards fund-based borrowings and significant decrease in revenue over the years. These conditions indicate the existence of a material uncertainty that may cast significant doubt on "the group's" ability to continue as going concern and "the group" may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable.
- e. The financial forecasts are prepared by the Company on a going concern basis. The achievability of the forecasts are dependent implementation of initiatives to be implemented to improve the profitability in the medium to long term by the management of the Company.
- f. Leasehold land is considered at value adopted in the audited financial statements.
- g. The financial forecast has been prepared by the Company considering continued credit from existing trade creditors and funding from promoters.
- h. Valuation of the Company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing my analysis, I have made assumptions with respect to industry performance, general business and economic conditions, many of which are beyond the control of the Company. Valuation also fluctuate with changes in prevailing market conditions, conditions and prospects, financial or otherwise, of the companies / businesses, other factors which generally influence the valuation of Companies and their assets.
- i. I affirm that information provided and assumptions used by management/others in developing projections have been appropriately reviewed, enquiries made regarding basis of key assumptions in context of business being valued and the industry/economy; and affirm that I have received adequate information and had time for carrying out the valuation;

**12. Procedures adopted in carrying out the valuation and valuation standards followed;**

I have performed the analysis, to the extent applicable, in accordance with Valuation Standards of ICAI, in connection with this analysis, I have adopted the following procedures.

- Execution of valuation engagement letter after receipt of proposal (orally) and initial discussion including purpose for which valuation is required;
- Requested and received historical information and audited financial results as on valuation date
- Discussed and understood the business and fundamental factors affecting the Company
- Obtained data available in public domain
- Discussed (over call) with management to understand the business fundamental factors that affects the Company



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

- Undertook industry analysis
- Selection of valuation methodology/(ies) as considered appropriate by us
- Determination of relative value of the equity shares of the Companies for valuation of the equity shares.

**13. Restrictions on use of report, if any;**

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. My 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. I do not take any responsibility for the unauthorized use of this report.

This report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the report has to be read in totality and not parts, in conjunction with the related documents referred to herein. I have not audited / reviewed or compiled the financial information provided by the management and express no assurance on it.

**14. Major factors that were taken into account during valuation;**

I have considered following major factors during valuation:

- Key operating / financial parameters of the Companies vis-a-vis is comparable company are considered.
- Audited financial results for the year ended March 31, 2024.
- Data available in public domain for companies in related area of operations.

**15. Valuation Methodology:**

**Regulatory Guidance:**

As per the SEBI (ICDR) regulations, (as amended), pricing rules for frequently traded shares states that 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:

- a. the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days volume weighted average prices of the volume weighted average prices of the related equity shares preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue

Further, as per SEBI ICDR Regulations





**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

“**frequently traded shares**” means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.

The equity shares of the Company are listed on stock exchanges and are frequently traded shares as per the above criteria.

**Other conditions for pricing**

166A. (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: Provided further that the valuation report from the registered valuer shall be published on the website of the issuer and a reference of the same shall be made in the notice calling the general meeting of shareholders.

(2) Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee’s meeting shall be disclosed in the notice calling the general meeting of shareholders. Explanation.—The meeting of the independent directors referred in sub-regulation (2) shall be attended by all the independent directors on the board of the issuer.

There are several internationally accepted and commonly used pricing methodologies for determining the value of equity shares such as:

**Market approach:** In Market Approach value is determined by comparing the subject company or assets with its peers in the same industry of the same size and region. Most Valuations in stock markets are market based and it is based on the premise of efficient markets and supply & demand. Market approach, also referred to as relative approach, is a valuation approach that uses prices and other relevant information generated by market transactions involving identical



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business. This is also known as relative valuation approach.

Common methodologies for the market approach are Market Price Method (MPM); Comparable Companies Multiple Method (CCM) and Transaction Multiple Method (CTM)

**Income Approach:** The Income based approach of valuations are based on the premise that the current value of any business is a function of the future value that an investor can expect to receive from purchasing all or part of the business. It is generally used for valuing businesses that are expected to continue operating for the foreseeable future.

Common methodologies for the income approach are Business & Assets Valuation - Discounted Cash Flow Method. Valuation of Intangibles – Relief from Royalty (RFR), Multi-period Excess Earnings Method (MEEM) and With or Without Method (WWM)

**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). In certain situations, historical cost of the asset may be considered by the valuer where it has been prescribed by the applicable regulation. This approach tends to determine the business value on the basis of value of assets of the business. It is specifically useful for asset intensive firms, valuing holding companies as well as distressed entities that are not worth more than their overall net tangible value. The cost approach is based on the inherent assumption that the value of a business or investment can be determined based on the cost to rebuild or replace the business.

Commonly used Cost methods are Replacement Cost Method and Reproduction Cost Method

Valuation though backed by research and analysis, involves significant amount of judgment hence the valuer needs to select the most appropriate approach or method very responsibly as there is no single approach or method that is best suited in every situation. The valuation approaches and methods shall be selected in a manner which would maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The key factors that a valuer needs to consider while selecting an approach are - nature of asset to be valued; availability of adequate inputs or information and its reliability; strengths and weakness of each valuation approach and method; and valuation approach/method considered by market participants.

Another very important element in selection of appropriate valuation methods is the purpose/ base of valuation. The application of any aforesaid methods of valuation depends on the nature of operations, level of maturity of the businesses, future business potential and purpose of valuation. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. For the purpose of arriving at the fair value, it would be necessary to select an appropriate basis for valuation from among the various alternatives available. My choice of method has been arrived at using usual



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

conventional methods adopted for transactions of similar nature and my reasonable judgement, in an independent and bona fide manner based on my previous experience.

I have reviewed and analysed the above methods and their results to determine which methods would generate the most reasonable opinion of the value of Company's operations as on the valuation.

**Conclusion over selection of appropriate valuation methodology:**

For the purpose of valuation as required by SEBI, I have considered all the three methods with appropriate weights / adjustments in value while computing the fair value.

**Asset Based Approach:** - Net Asset Value Method – Annexure A

**Income Based Approach:** - Discounted Cash Flow Method – Annexure B

**Market Based Approach:** - Market price method. – Annexure C

**16. Conclusion;**

I have carried out the valuation exercise after taking into consideration all the factors and methods mentioned hereinabove. The calculations have been performed as per the methods discussed above and the results have been summarised as below:

| Sl. No.   | Valuation Approach | Value of share in Rs. | Weight | Weighted value |
|---|--------------------|-----------------------|--------|----------------|
| 1   | Asset approach     | (101.40)              | 1      | (101.40)       |
| 2   | Income approach    | 15.44                 | 2      | 30.87          |
| 3   | Market approach    | 15.94                 | 3      | 47.81          |
|   |                    | Total                 | 6      | (22.73)        |
| As per Regulation 166A of SEBI (ICDR) the floor price of per equity share is as per market approach |                    |                       |        | 15.94          |

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



Based on the above, we recommend the fair value of equity share of KTPL is Rs. 15.94 per share.

#### 17. Caveats, limitations and disclaimers.

This report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter.

##### **i. 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. My 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. I do not take any responsibility for the unauthorized use of this report.

##### **ii. Responsibility of RV**

I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letters. I 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 I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

##### **iii. Accuracy of Information**

While my work has involved an analysis of financial information, my engagement does not include an audit in accordance with generally accepted auditing standards of the client's existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the client. 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.

##### **iv. Range of Value Estimate**

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. The valuation of companies and assets 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 no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the Fair Value of the equity shares of FFL. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.



**v. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged**

The actual market price achieved may be higher or lower than my estimate of value depending upon the circumstances of the transaction, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. I also emphasize that my opinion is not the only factor that should be considered by the parties in agreeing the transaction price. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.

**vi. Reliance on the representations of the owners/clients, their management and other third parties**

The client and its management warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the clients, their management and other third parties concerning the financial data, except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

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

I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I 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 I 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.

**viii. 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 companies / 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/fixed assets register provided to us.

**ix. Multiple factors affecting the Valuation Report:**

The valuation report is tempered by the exercise of judicious discretion by the valuer, taking into account the relevant factors. There will always be several factors, e.g. management capability,



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

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.

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

I am fully aware that based on the opinion of value expressed in this report, I 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 my tendering evidence before such authority shall be under the applicable laws.

**xi. Others**

Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

In the course of the valuation, I was provided with verbal information. I 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.

My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

My report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

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.

In no circumstances shall the liability of the registered valuer relating to services provided in connection with this engagement set out in the report exceed the amount paid to me in respect of fees charged for those services.



**CA Bhaskar Sheshagiri Rao**  
**Registered Valuer - Securities or Financial Assets**

I reserve my right to alter my conclusions should any information that I am not aware of at the time of preparing this report comes to light that has a material impact on the conclusions herein

Thanking you,  
Yours faithfully,



Bhaskar Sheshagiri Rao., B.Com, FCA  
Registered Valuer: Securities or Financial Assets  
IBBI Registration No.: IBBI/RV/06/2019/12116  
ICAI Membership No. 205977  
Date: 10.06.2024  
Place: Bangalore  
UDIN: 24205977BKBRAI4405



**CA Bhaskar Sheshagiri Rao**  
Registered Valuer - Securities or Financial Assets

**ANNEXURE A: ASSET APPROACH (BASED ON AUDITED FINANCIAL STATEMENTS AS AT 31.03.2024)**

| PARTICULARS                                     | AMOUNT IN LAKHS | AMOUNT IN LAKHS                  |
|---|-----------------|----------------------------------|
| <b>NON CURRENT ASSETS</b>                       |                 |                                  |
| Tangible Assets                                 | 151.38          |                                  |
| Intangible Assets                               | 20.51           |                                  |
| <b>FINANCIAL ASSETS</b>                         |                 |                                  |
| Investments                                     | 2,144.10        |                                  |
| Other Non current Assets                        | 3,400.58        |                                  |
| Total non current assets (A)                    |                 | 5,716.57                         |
| <b>CURRENT ASSETS</b>                           |                 |                                  |
| Inventories                                     | 149.81          |                                  |
| Financial assets                                |                 |                                  |
| Trade receivables                               | 454.47          |                                  |
| Cash and Cash equivalent                        | 144.78          |                                  |
| Other current assets                            | 2074.67         |                                  |
| Total Current assets (B)                        |                 | 2,823.73                         |
| Total Assets C (A+B)                            |                 | 8,540.30                         |
| Non-current liabilities                         |                 |                                  |
| Current Liabilities                             |                 |                                  |
| Trade Payables                                  | 2,278.71        |                                  |
| Other current liabilities                       | 1,325.05        |                                  |
| Provisions                                      | 233.08          |                                  |
| Total Liabilities (D)                           |                 | 3,836.84                         |
| Total equity value (C-D)                        |                 | 3,836.84                         |
| Less: Contingent Liabilities                    |                 | 4,703.46                         |
| Central Excise                                  | 55.33           |                                  |
| Income tax                                      | 21,725.15       |                                  |
| Less: Investment in subsidiaries                | 2,144.10        |                                  |
| Advance to subsidiaries                         | 1,185.83        |                                  |
| Adjusted equity value                           |                 | (25,110.41)                      |
| No of equity shares of face value Rs. 10/- each |                 | (20,406.95)                      |
| Value per share                                 | Book value      | 2,01,24,260<br>Negative (101.40) |



**CA Bhaskar Sheshagiri Rao**  
Registered Valuer - Securities or Financial Assets

**Market Price Method**

We have carried out valuation as per SEBI ICDR Regulations, which is as following:

A. 90 trading days' volume weighted average price (VWAP) of the equity shares of KTPL, quoted on the NSE preceding 5<sup>th</sup> June 2024, (Relevant Date).

| Date      | NO OF SHARES | VOLUME OF SHARES |
|-----------|--------------|------------------|
| (a)       | (b)          | (c)              |
| 04-Jun-24 | 1,05,579     | 15,15,442.10     |
| 03-Jun-24 | 73,373       | 10,59,474.30     |
| 31-May-24 | 34,814       | 5,16,094.55      |
| 30-May-24 | 26,541       | 4,00,941.60      |
| 29-May-24 | 1,01,022     | 15,82,790.80     |
| 28-May-24 | 1,45,886     | 23,56,646.10     |
| 27-May-24 | 70,678       | 11,31,593.85     |
| 24-May-24 | 1,16,504     | 19,24,044.45     |
| 23-May-24 | 86,562       | 14,81,819.90     |
| 22-May-24 | 76,418       | 13,74,965.05     |
| 21-May-24 | 1,86,848     | 33,41,957.90     |
| 18-May-24 | 18,473       | 3,34,909.65      |
| 17-May-24 | 1,13,778     | 20,67,123.30     |
| 16-May-24 | 92,663       | 16,56,102.00     |
| 15-May-24 | 66,703       | 11,12,210.30     |
| 14-May-24 | 1,52,592     | 24,97,556.30     |
| 13-May-24 | 11,838       | 2,03,021.70      |
| 10-May-24 | 1,15,815     | 20,95,783.75     |
| 09-May-24 | 4,82,082     | 94,20,374.45     |
| 08-May-24 | 37,568       | 7,51,360.00      |
| 07-May-24 | 47,227       | 8,99,674.35      |
| 06-May-24 | 29,587       | 5,37,004.05      |
| 03-May-24 | 62,192       | 10,75,548.45     |
| 02-May-24 | 37,932       | 6,25,127.75      |
| 30-Apr-24 | 63,800       | 9,97,312.20      |
| 29-Apr-24 | 1,59,536     | 23,22,106.05     |
| 26-Apr-24 | 33,012       | 4,68,900.60      |
| 25-Apr-24 | 47,401       | 6,69,241.85      |
| 24-Apr-24 | 39,153       | 5,59,062.05      |
| 23-Apr-24 | 50,916       | 6,99,805.30      |
| 22-Apr-24 | 18,300       | 2,37,786.05      |
| 19-Apr-24 | 25,053       | 3,15,714.65      |

**CA Bhaskar Sheshagiri Rao**  
Registered Valuer - Securities or Financial Assets

|           |        |              |
|-----------|--------|--------------|
| 18-Apr-24 | 17,934 | 2,31,250.90  |
| 16-Apr-24 | 31,191 | 3,98,632.45  |
| 15-Apr-24 | 73,442 | 9,82,741.60  |
| 12-Apr-24 | 34,206 | 4,65,994.60  |
| 10-Apr-24 | 45,340 | 6,38,023.75  |
| 09-Apr-24 | 92,834 | 13,29,813.25 |
| 08-Apr-24 | 49,424 | 7,17,890.20  |
| 05-Apr-24 | 22,701 | 3,23,453.10  |
| 04-Apr-24 | 42,278 | 5,71,162.70  |
| 03-Apr-24 | 36,567 | 4,82,139.20  |
| 02-Apr-24 | 42,449 | 5,22,030.15  |
| 01-Apr-24 | 6,859  | 83,278.55    |
| 28-Mar-24 | 45,677 | 5,30,549.05  |
| 27-Mar-24 | 17,314 | 2,12,374.25  |
| 26-Mar-24 | 15,004 | 1,91,833.20  |
| 22-Mar-24 | 13,320 | 1,61,979.10  |
| 21-Mar-24 | 8,947  | 1,04,028.45  |
| 20-Mar-24 | 81,100 | 8,94,983.75  |
| 19-Mar-24 | 29,186 | 3,09,464.40  |
| 18-Mar-24 | 26,703 | 2,77,998.15  |
| 15-Mar-24 | 13,752 | 1,45,986.70  |
| 14-Mar-24 | 38,518 | 4,19,698.35  |
| 13-Mar-24 | 12,025 | 1,36,879.85  |
| 12-Mar-24 | 37,743 | 4,59,383.85  |
| 11-Mar-24 | 34,580 | 4,24,815.00  |
| 07-Mar-24 | 10,757 | 1,33,178.00  |
| 06-Mar-24 | 4,951  | 62,523.85    |
| 05-Mar-24 | 5,566  | 71,638.15    |
| 04-Mar-24 | 12,278 | 1,58,386.20  |
| 02-Mar-24 | 502    | 6,601.30     |
| 01-Mar-24 | 7,375  | 98,825.00    |
| 29-Feb-24 | 2,609  | 35,990.10    |
| 28-Feb-24 | 13,070 | 1,81,673.00  |
| 27-Feb-24 | 18,558 | 2,48,809.55  |
| 26-Feb-24 | 7,935  | 1,06,494.60  |
| 23-Feb-24 | 9,882  | 1,34,945.65  |
| 22-Feb-24 | 3,457  | 48,052.30    |
| 21-Feb-24 | 9,686  | 1,37,056.90  |
| 20-Feb-24 | 33,974 | 4,89,225.60  |
| 19-Feb-24 | 4,837  | 71,103.90    |



**CA Bhaskar Sheshagiri Rao**  
Registered Valuer - Securities or Financial Assets

|   |                  |                    |
|---|------------------|--------------------|
| 16-Feb-24   | 2,806            | 42,090.00          |
| 15-Feb-24   | 2,801            | 42,855.30          |
| 14-Feb-24   | 10,666           | 1,66,389.60        |
| 13-Feb-24   | 1,105            | 17,569.50          |
| 12-Feb-24   | 3,900            | 63,180.00          |
| 09-Feb-24   | 3,198            | 52,767.00          |
| 08-Feb-24   | 4,325            | 72,660.00          |
| 07-Feb-24   | 14,361           | 2,46,291.15        |
| 06-Feb-24   | 14,691           | 2,61,394.35        |
| 05-Feb-24   | 61,406           | 11,01,358.25       |
| 02-Feb-24   | 1,05,036         | 18,47,491.25       |
| 01-Feb-24   | 1,12,780         | 18,94,642.90       |
| 31-Jan-24   | 1,96,487         | 31,28,085.65       |
| 30-Jan-24   | 2,79,520         | 42,29,370.75       |
| 29-Jan-24   | 1,22,703         | 18,10,102.70       |
| 25-Jan-24   | 28,830           | 4,08,316.95        |
| 24-Jan-24   | 19,506           | 2,71,476.30        |
| 23-Jan-24   | 34,823           | 4,93,877.35        |
| <b>TOTAL</b>  | <b>47,63,321</b> | <b>7,53,82,303</b> |
| 90 trading days' Volume Weighted Average Price preceding Relevant Date, i.e., 5 <sup>th</sup> June 2024 [c] / [b] |                  | 15.83              |

10 trading days' volume weighted average price (VWAP) of the equity shares of KTPL, quoted on the NSE preceding 5<sup>th</sup> June 2024, (Relevant Date).

| Date  | NO OF SHARES | VOLUME OF SHARES |
|---|--------------|------------------|
| (a)   | (b)          | (c)              |
| 04-Jun-24   | 1,05,579     | 15,15,442.10     |
| 03-Jun-24   | 73,373       | 10,59,474.30     |
| 31-May-24   | 34,814       | 5,16,094.55      |
| 30-May-24   | 26,541       | 4,00,941.60      |
| 29-May-24   | 1,01,022     | 15,82,790.80     |
| 28-May-24   | 1,45,886     | 23,56,646.10     |
| 27-May-24   | 70,678       | 11,31,593.85     |
| 24-May-24   | 1,16,504     | 19,24,044.45     |
| 23-May-24   | 86,562       | 14,81,819.90     |
| 22-May-24   | 76,418       | 13,74,965.05     |
| Total   | 8,37,377     | 1,33,43,813      |
| 10 trading days' Volume Weighted Average Price preceding Relevant Date, i.e., 5 <sup>th</sup> June 2024 [c] / [b] |              | 15.94            |



## **ANNEXURE C: INCOME APPROACH – DISCOUNTED CASH FLOW METHOD**

### **Discounted Cash Flow (DCF) Method:**

The income approach determines fair market value by dividing the benefit stream generated by the subject or target company by a discount rate or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches of which I have used Discounted Cash Flow Method for the purpose of valuation.

1. Valuation of equity shares of the Company is based on projected financial information as provided to me by the management.
2. As per DCF method, value is defined as per present value of future cash flows that are expected to be generated by the business during an explicit forecast period and in perpetuity.
3. This method incorporates all factors relevant to an asset (e.g. current and future market conditions, company and industry specific risk factors etc.)
4. Management has provided with cash flow projections till FY 2029, which as per the management is a representative time frame for the business cycle of the Company,
5. For computing fair value of the business, projected cash flows of the business for the explicit period are computed. Earnings before interest and tax (EBIT) is adjusted for income tax, depreciation, capex, working capital adjustment during the explicit period.
6. I have discounted the post- tax free cash flows to the firm with appropriate risk adjusted discount rate to arrive at the present value
7. For computing cost of equity, I have used risk free rate as yield of 10 year government bond rate as on date of valuation.
8. Market return is estimated using BSE Sensex index as on valuation date since its inception (Source BSE data)
9. Beta is considered based on beta for unlevered companies for Telecom Equipment industry as per [www.aswathdamodaran.com](http://www.aswathdamodaran.com) and beta has been re-levered based on existing capital structure of the Company.
10. Post tax cost of debt is considered at 11.22% as confirmed by the management.
11. The weighted average cost of capital (hereafter the "WACC") is considered based on the existing capital structure and respective cost of debt and equity.
12. Terminal growth rate of 1% is considered.
13. PV of free cash flow has been adjusted for certain items like borrowings, investments, cash and cash equivalents to arrive at the value of the company. Non current assets and non current investments are not considered for arriving at value.
14. The holding levels of current assets and current liabilities are as estimated by the Company.
15. As per DCF method, value per equity share works out to Rs. 15.44 per share.



**CA Bhaskar Sheshagiri Rao**  
Registered Valuer - Securities or Financial Assets

| Particulars                         | 2024-25         | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Terminal Value |
|-------------------------------------|-----------------|---------|---------|---------|---------|----------------|
| EBITDA                              | (15.00)         | (58.25) | 43.08   | 188.49  | 216.90  |                |
| Less: Income tax                    | -               | -       | -       | -       | -       |                |
| Adjusted Profit after tax           | (15.00)         | (58.25) | 43.08   | 188.49  | 216.90  |                |
| Working capital changes             | 696.12          | 550.33  | 211.12  | 167.59  | 232.80  |                |
| Capital expenditure                 | (20.00)         | -       | -       | (40.00) | -       |                |
| <b>Free Cash Flows to firm</b>      | 661.12          | 492.08  | 254.20  | 316.08  | 449.70  | 3,721.44       |
| Discount rate                       | 13.43%          | 13.43%  | 13.43%  | 13.43%  | 13.43%  | 13.43%         |
| <b>Discounted Cash Flows</b>        | 620.75          | 407.33  | 185.50  | 203.25  | 255.06  | 2066.29        |
| Sum of Discounted cash flows        | 3738.29         |         |         |         |         |                |
| Add: Cash and Cash Equivalent       | 144.76          |         |         |         |         |                |
| <b>Enterprise Value</b>             | <b>3,883.05</b> |         |         |         |         |                |
| Less: Debt                          | Nil             |         |         |         |         |                |
| <b>Equity value</b>                 | <b>3,883.05</b> |         |         |         |         |                |
| Less: Discount for performance Risk | 776.61          |         |         |         |         |                |
| <b>Adjusted Equity Value</b>        | <b>3,106.44</b> |         |         |         |         |                |
| No of Shares                        | 2,01,24,260     |         |         |         |         |                |
| Value per share                     | 15.44           |         |         |         |         |                |



**CA Bhaskar Sheshagiri Rao**  
Registered Valuer - Securities or Financial Assets

| <b>Calculation of cost of equity</b> |        |
|--------------------------------------|--------|
| Risk free rate                       | 7.05%  |
| Market return                        | 13.19% |
| Relevered beta                       | 1.04   |
| Cost of equity                       | 13.43% |
|                                      |        |

| <b>Calculation of post tax cost of debt</b> |        |
|---|--------|
| Cost of debt                                | 15.00% |
| Less: Tax                                   | 3.78%  |
| Post tax cost of debt                       | 11.22% |
|   |        |
| Growth rate                                 | 1%     |

**Calculation of WACC**

| Particulars   | Weights | Cost   | Weighted cost |
|---------------|---------|--------|---------------|
| Equity        | 100     | 13.43% | 13.43%        |
| Debt          | Nil     | Nil%   | 0%            |
| Weighted cost |         |        | 13.43         |

