

June 24, 2019

Pot ful India Private Limited
181, Amarjyoti Layout
Domlur
Bangalore 560 071

Dear Sir,

VALUATION OF EQUITY SHARES OF POT FUL INDIA PRIVATE LIMITED ("PIL")

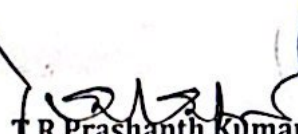
Pursuant to the appointment of Karvy Investor Services Limited ("KISL"), vide Pot ful India Private Limited's acceptance of our offer letter dated October 29, 2018 for the purpose of valuation of Equity Shares of Pot ful India Private Limited ("PIL") under Income Tax Act, 1961 read with Rule 11UA of Income Tax Rules, 1962, and Foreign Exchange Management Act, 1999, we herewith enclose our Valuation Report.

The Fair Market Value of the Equity Share of PIL, for the aforesaid purpose, as on May 31, 2019 is INR 37,415/-, as determined in the Report enclosed herewith.

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,

Yours faithfully,
For and on Behalf of
Karvy Investor Services Limited


T R Prashanth Kumar
CEO & Whole Time Director



Karvy Investor Services Limited

701, Hallmark Business Plaza, Sant Dhyaneswar Marg, Bandra (E), Mumbai - 400051
Tel: +91 22 61491500 | Fax: +91 22 61491515 | Email: cmg@karvy.com / igmbd@karvy.com | www.karvy.com
Regd. Office: 'Karvy House', 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.
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CIN No. U67120TG1997PLC026253 | SEBI Registration No. MB/INM000008365



POT FUL INDIA PRIVATE LIMITED

VALUATION REPORT

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POT FUL INDIA PRIVATE LIMITED

I. TERMS OF REFERENCE

Pot ful India Private Limited ("company") is contemplating fund infusion by certain investors. The management of PIL in order to assess the fair value of shares of PIL under Income Tax Act, 1961 read with Rule 11UA of Income Tax Rules, 1962 and Foreign Exchange Management Act, 1999 has approached and appointed us i.e. Karvy Investor Services Limited to ascertain the value of the shares on an independent basis.

II. BACKGROUND OF POT FUL INDIA PRIVATE LIMITED

Pot ful India Private Limited was incorporated in May 2017 and has its registered business office in Bangalore. This startup was founded by Mr Lokesh Krishnan and the company involves in online food delivery business under the brand name POTFUL. Currently company operates 6 units and delivers food in and around bangalore city and has plan to expand to 8 cities across India and 4 international markets viz UAE, UK, US and singapore.

III. INFORMATION RELIED UPON BY US

3.1 We, KISL, have prepared our valuation report on the basis of the following information provided to us by PIL:

- (a) Unaudited financial statements of PIL for the period ending March 31, 2019.
- (b) Management Certified Projections & Business Plan for Six Fiscal Years from 2019-20 to 2024-25.
- (c) Company's Capital Structure as on valuation date
- (d) Discussions with and explanations given by the management / senior executives of PIL on various issues.

3.2 Our work does not constitute an audit or certification of the historical financial statements of PIL, including its working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.

3.3 This valuation report is issued on the understanding that PIL has drawn our attention to all the relevant matters, of which it was aware, concerning the company's financial position and business which may have an impact on our report.

IV. METHODS OF VALUATION

4.1 There are several methods for valuing the shares of a company, such as:

- (a) Capitalization of Earnings Method;
- (b) Assets Based Valuation Method;
- (c) Market Price of Share Method;





(d) Multiple based valuation techniques: Price/Earning (P/E), Enterprise Value/Earning Before Interest, Tax, Depreciation & Amortization (EV/EBITDA) and Market Capitalisation/Revenue Multiple Method; and

(e) Discounted Cash Flow ('DCF') Method.

4.2 As per Income Tax Act, 1961 read with Income Tax Rules, 1962, the assessee has an option to choose either the method mentioned under Rule 11UA or as per DCF method from a Merchant Banker. In the present scenario Discounted Cash Flow method has been used for the purpose of valuation.

V. VALUATION OF POT FUL INDIA PRIVATE LIMITED

5.1 After analyzing the financials and the business model of the company and we understand that there are no listed peer group companies which are into similar operations. So, The Beta for the purpose of valuation has been considered as 1 which implies market return.

5.2 In Discounted Cash Flows Method, we have taken into account the financial projections as provided by the Company. We have adopted Free Cash Flows to Equity approach to derive the enterprise value and equity value of the Company.

Under this method, the valuation comprises of 2 components as described below.

- The free cash flows of the company for the explicit forecast period which in this case Fiscal years 2019-20 to 2024-25.
- The terminal value of the company at the end of 2024-25 which is calculated by considering the projected free cash flows to equity for the year 2024-25 and capitalizing the same at the appropriate discount rate and suitable growth rate.

5.3 After Fiscal year 2025, a terminal growth rate of 4.00% in the free cash flows to Equity has been assumed to perpetuity. This has been decided after discussion with the representatives of the company.

5.4 The 10Y Government Yield as on March 31, 2019 is considered as Risk Free Rate i.e. 7.35% (Source:- <https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data>)

5.5 Market Risk premium as given by Damodaran for India has been considered as Market Return i.e. 8.60% & thus Cost of Equity is taken at 15.95% with the assumed beta of 1.

5.6 Cost of Equity under the CAPM Method is 15.95% considering the above.

Calculation of Cost of Equity

Particulars	Rate in %
Risk Free Rate	7.35%
Beta	8.60%
Market Risk Premium Rate	1.00





Particulars	Rate in %
Cost of Equity	15.95%

5.7 We have used the discount rate of 15.95%, which in our opinion is commensurate with the underlying risk and illiquidity of the shares the company. The sum of the present values of the free cash flows to Equity and the terminal value gives the fair value of the business.

5.8 Please refer below for the calculations of the Fair Market value per equity share:-

Calculation of Total Present value of Projected Cash Flows

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Net Cash Flow for the Year (Rs in Crores)	(6.56)	(4.04)	1.25	5.69	7.80	12.91
Discount Period	1.00	2.00	3.00	4.00	5.00	6.00
Discounting Factor	0.86	0.74	0.64	0.55	0.48	0.41
Present value of Cash Flows (Rs)	(5.66)	(3.01)	0.80	3.15	3.72	5.32
Total Present Value of Cash Flows (Rs in Crores)	4.32					

Calculation of Terminal Value

Particulars	Amount in Rs. Crores
Present Value of FY 2025 (A)	5.32
Cost of Capital (B)	15.95%
Terminal Growth Rate Assumed (C)	4.00%
Terminal Value $\{A \{1+C\} / (B-C)\}$	46.27

Valuation Summary

Particulars	Amount in Rs. Crores except for per Share data
Present Value of Free Cash flow to Equity shareholders	4.32
Terminal Value	46.27
Value of Equity shareholders	50.60
Total Value of the Company after considering Liquidity of 20%	40.48
Outstanding Number of Equity Shares	11,112
Fair Value Per Share as on March 31, 2019	36,428
Fair Value Per Share as on May 31, 2019	37,415

5.9 The Fair Market Value per equity share of PIL as per Discounted Cash Flow Method is INR 37,415/- as on May 31, 2019.

VI. VALUE PER SHARE OF POT FUL INDIA PRIVATE LIMITED

We believe the fair value of Pot ful India Private Limited, as on the specified date May 31, 2019, is the value arrived as per Discounted Cash Flow Method i.e. INR 37,415/-





VII. DISCLAIMER

- 7.1 This Valuation Report is furnished solely for the purposes of computing value of equity share of PIL for the purpose as mentioned in Terms of Reference and should not be used for any other purpose without our prior written consent.
- 7.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available and the information furnished by the management for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company and its peers.
- 7.3 The valuation of Companies and businesses is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. While KISL has provided its assessment of the value of the share based on information available and within the scope and constraints of engagement, others may place a different value on the same and actual value realized may differ significantly.
- 7.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.
- 7.5 In no circumstances however, will KISL or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on KISL or its associates, directors or employees by any third party, PIL shall indemnify them.



**VIII. Annexure****Projected Cash Flow's**

Particulars (amount in INR Crores)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Projected					
Revenue	16.45	32.06	48.52	65.28	83.18	102.57
Operating expenses						
Material Cost	7.19	13.10	18.65	24.52	31.25	35.96
Employee Cost	2.76	5.03	7.16	8.87	12.10	14.50
Admin and other expenses (excluding depreciation)	10.17	15.87	20.71	24.06	29.42	35.01
Total	20.11	34.00	46.51	57.46	72.77	85.47
EBIDTA	-3.66	-1.94	2.01	7.82	10.41	17.11
Less:						
Capex Outflow	2.90	2.10	0.35	0.50	0.00	1.00
Loan Repayment	0.66	-	-	-	-	-
Income Tax Payment	-	-	0.41	1.63	2.61	3.19
Net cashflow	(6.56)	(4.04)	1.25	5.69	7.80	12.91



To,
The Board of Directors,
Pot Ful India Private Limited
No 20/4(BBMP No 28), 1st "D" Main Road,
Jakkasandra, Kormangala 1St Block,
Bengaluru 560034

Subject: Determination of fair value of equity shares in compliance with Section 62(1)(c) of the Companies Act, 2013 read with Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014.

Rule 10 of the Companies (Registered Valuers and Valuation) Rules, 2017 (Rules) read with section 247 of the Companies Act, 2013 (Act) which require that a registered valuer shall conduct valuations required under the Act.

Dear Sir,

I have been appointed by the board of directors of Pot Ful India Private Limited with board resolution dated October 17, 2022 to determine the fair value of the unquoted equity shares in compliance with the provisions of Section 62(1)(c) of the Companies Act, 2013. I have conducted the valuation exercise based on information/documents and explanations given to me by the management. Based on the same, my report on valuation is being submitted herewith for your kind reference. The Fair Value of the equity shares of Pot Ful India Private Limited for the cut-off date, October 31, 2022 is estimated at **INR. 91,624/-** per share.

The valuation is dependent on the achievability of the projections. I have appraised the equity share valuation in accordance with the International Valuation Standards published by International Valuation Standards Council

Yours Faithfully,



Per Avneep L. Mehta
Registered Valuer – Securities or Financial Assets (IBBI, India)
IBBI No: IBBI/RV/02/2019/11509
IOV No: IOVRV00613SFA
VRN: IOV/2022-2023/3364
UDIN: 22225441BEKBZT1104



Place: Bengaluru
Date: November 29, 2022

POT FUL INDIA PRIVATE LIMITED

Share Valuation Report

November 2022

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1 Background

Company Overview

Pot Ful India Private Limited (herein after referred to as 'Pot Ful' or 'the company') having CIN U74999KA2017PTC103484. The company is engaged in the preparation of authentic Indian food varieties and supply to end customer against the online orders.

The company was incorporated on May 31, 2017 and has its registered office in No 20/4(BBMP No 28), 1st "D" Main Road, Jakkasandra, Kormangala 1st Block, Bengaluru 560034. The company currently has an authorized capital of INR. 1,000,000 consisting of 100,000 equity shares of INR.10 each, Further the Company has an issued, subscribed and paid up capital of INR. 132,620 consisting of 13,262 equity shares of INR.10 each. The company has only one class of equity shares having par value of INR.10 each. All equity shares carry similar voting rights of 1:1 and similar dividend rights.

I have been appointed by the board of directors of the company dated October 17, 2022 to carry out the share valuation of shares as on October 31, 2022 in compliance with the Companies Act, 2013 for the purpose of issue of shares.

I have appraised the equity share valuation in accordance with the International Valuation Standards published by International Valuation Standards Council.

2 Scope and limitations of the work

- The sole purpose of this report is for determining the fair price of the shares of Pot Ful as on October 31 2022. I have relied upon the information / explanation provided by the Company for the purpose of carrying out the valuation exercise.
- This report should not be used for any other purpose or distributed to anyone other than a party connected (which may include advisor(s), auditors of the Company, directors) without our prior written consent.
- I have not made an appraisal or independent valuation or physical verification of any of any assets or liabilities of the Company and I take no responsibility on the identification of such assets and liabilities.
- I have no obligation to update this report or revise this valuation because of events or transactions occurring subsequent to the date of this report.
- I have not reviewed, nor do I vouch for the completeness or legality of the contracts & agreements entered into by the Company with other parties, affiliates or associates.
- This valuation report has been prepared on the basis of the projected financials of the company for the next five financial years from November 2022 to October 2027, along with discussion held with the management and other publicly available information.
- The valuation analysis of Pot Ful is based upon the future projections of company provided to me, which is based upon various assumptions made by company relating to the operations of its business and any change in these assumptions may have an impact on the conclusion of this report. Further, these projections make an underlying assumption that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- I have not conducted an audit or due diligence or reviewed/validated the financial data provided by the management or of the projections made by the company.
- The risk-free rate of return and the equity risk premium of the market have been taken based on the information readily available and generally utilized in India for calculating the discounted free cash flow.



- My valuation certificate should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company nor am I furnishing this certificate for arriving at a value for commercial transaction of investing in the shares of the Company.
- I have summarized the report of the Company based on the information as was provided to us pursuant to the meetings held with the management of the company and other publically available information. I do not assume any responsibility for the accuracy or reliability of such documents on which I have relied upon in forming our opinion.
- The valuation analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report. This report is issued on my understanding that the Management of the company has drawn my attention to all matters of which they are aware, which may have an impact on my report up to the date of this report. I have no responsibility to update this report for events and circumstances occurring after the date of this report.
- Although every effort has been made by us to verify and corroborate each document and to ensure that no inaccurate or misleading data, information, statement or opinion appears in this document, I wish to make it clear that the information and data appearing herein are the responsibility of management of the Company. Accordingly, I do not accept any responsibility whatsoever for the consequences for any such inaccurate or misleading information or data, opinion or statement.

3 Sources of information

For the purpose of this valuation, I have relied on the following sources of information:

- Memorandum of Association and Article of Association of the Company;
- Certificate of Incorporation of the Company.
- Audited financial statements for the financial year 2019-20, 2020-21 and 2021-22.
- Projected financial statements from November 1, 2022 to October 31, 2027.
- Other information and clarifications sought from Management considered useful during course of the assignment.



4 Valuation methodology

Approach	Rationale
Income Approach Discounted Cash Flows (“DCF”)	■ Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business. ■ A Discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. ■ The rate at which the future cash flows are discounted (“the discount rate”) should reflect not only the time value of money, but also the risk associated with the business’ future operations. The discount rate most generally employed is Cost of Equity (“COE”), reflecting an optimal as opposed to actual financing structure. ■ In calculating the terminal value, regard must be had to the business’ potential for further growth beyond the explicit forecast period. The “constant growth model”, which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples. ■ The rate at which future cash flows are discounted should reflect not only the time value of the cash flows but also the risk associated with the business’ future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental. ■ As represented by the management of the Company, the Company is not an asset intensive company and their worth can be best measured by cash flows through its operation, Discounted Free Cash Flow (DFCF) method is an appropriate method to value the shares of the company. Hence this method has been used for the valuation.
Market Approach Market Price Method	■ Under this approach, the value of the business is arrived at considering the market price of the company based on the daily moving averages of the last six month volume traded weighted average of closing price on the stock exchange where the company’s shares are most frequently traded. ■ The Market Price methodology has not been considered in the Valuation of the Company as the Company is not publicly listed or traded on any stock exchange.
Market Approach Comparable Companies (“Cocos”)	■ Under Comparable Companies Method, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. ■ The appropriate multiple is generally based on the performance of listed companies with similar business models and size. This method is appropriate for businesses where it is possible to estimate Maintainable Earnings. ■ The CoCo methodology has not been applied in the Valuation of Company.
Market Approach	■ Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company.



Approach	Rationale
Comparable Transactions (“CoTrans”)	■ Due to different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts are embedded in the transaction values. ■ Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. ■ I have not used comparable transactions due to lack of availability of complete data relating to premiums/discounts involved in such transactions.
Cost Approach Net Asset Value	■ Under the net asset value approach, total value is based on the sum of net asset value as recorded on the balance sheet. ■ A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. ■ Hence, the Net Asset Value has not been considered.
Cost Approach Replacement Cost	■ The replacement cost of a business is the cost of acquiring similar assets employed in the business and/or reaching a similar level of development. A purchaser, faced with a build versus buy scenario, may be prepared to pay significantly over and above this cost to obtain advantages including time saved in developing a similar business, and risk of failure. ■ The replacement cost approach quantifies the cost and risk reach the present stage of development. ■ This approach is often used for non-mature technology. ■ Hence, the replacement cost method has not been considered.
Cost Approach Market Value of Assets or Realizable Value	■ Under a Market Value approach, total value is based on the sum of market value of asset value less market value of liabilities plus, the value of intangible assets not recorded on the balance sheet. ■ This methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. ■ Hence, the market value method has not been considered.



5 Valuation

As mentioned in para 4 above, DCF method has been adopted. The DCF Method involves determination of cash inflow of explicit period and assuming a residual value of the equipment at the end of their operational life, wherever it is appropriate to do so. Further, discounting the cash flows so arrived at using an appropriate WACC (Weighted Average Cost of Capital) would provide the discounted cash flows at the end of each year. A summation of this would provide the worth of the Company.

The discounted cash flows have been determined considering projected financial results for the next five years (i.e. from November 01, 2022 to October 31, 2022).

Based on such valuation, the per share value has been arrived at INR. 91,624 /-

A more detailed calculation of the above valuation has been provided in **Annexure A**. Following assumptions have been made by the management in carrying out the projections of cash flows,

Cost of equity	
A. Risk free return	7.45%
B. Market risk premium	9.08%
C. Beta	0.56
D. Company risk premium	5.00%
Cost of Equity (Ke) (B*C+A+C+D)	17.56%



Per Avneep L. Mehta
Registered Valuer – Securities or Financial Assets (IBBI, India)
IBBI No: IBBI/RV/02/2019/11509
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VRN: IOV/2022-2023/3364
UDIN: 22225441BEKBZT1104



Place: Bengaluru
Date: November 29, 2022

Annexure A - Discounted Cash Flow Method of valuation of Shares

Amount in INR

Particulars	1-11-2022 to 31-03-2022	2023-24	2024-25	2025-26	2026-27	1-04-2027 to 31-10-2027	Terminal value
Free cash flows	3,850,794	(21,830,609)	(4,420,722)	49,021,466	123,535,719	163,754,057	2,347,191,571
Discounting factor	0.97	0.83	0.70	0.60	0.51	0.49	0.49
Discounted cash flows	3,748,363	(18,076,132)	(3,113,731)	29,371,257	62,961,791	79,613,462	1,141,150,638

Particulars	Amount (INR)
Sum of discounted cash flows	1,291,907,284
Add: Cash and cash equivalents	1,894,015
Less: Borrowings	(78,683,015)
Net discounted cash flows(A)	1,215,118,284
No of equity shares(B)	13,262
Value per share (C=A/B)	91,624



Notes:

- A) **Risk free return:** The 10 years government bond yield has been used for computing expected risk free rate. Expected risk free rate is based on historic values assuming it to be reliable measure of future economic conditions

Particulars	Details
Average from	01/10/2012- 31/10/2022
No. of years	10
Expected risk free rate	7.45%

- B) **Market risk premium and Country risk premium:** I have obtained from the analysis made by Aswath Damodaran (Professor of corporate finance and valuation at the Stern School of Business at New York University) towards country default spread ('CDS') and risk premium. He uses the local currency sovereign rating (from Moody's: www.moodys.com) and estimates the default spread for that rating (based upon traded country bonds) over a default free government bond rate. To get the default spreads by sovereign rating, He use the CDS spreads and compute the average CDS spread by rating.
- C) **Beta:** It is provided by the Aswath Damodaran based on Industry Sector. He has provided 0.56 for Restaurant. Betas adjusted to reflect a firm's total exposure to risk rather than just the market risk component. It is a function of the market beta and the portion of the total risk that is market risk. These betas might provide better estimates of the costs of equity for undiversified owners of businesses.
- D) **Small company risk premium:** Pot Ful is a privately held entity which is quite small in size as compared to the listed players in the restaurant business. Larger size, more are the chances to reap benefits of economies of scale and as the size gets smaller, the operating risk comparative to large seized companies tends to increase. Thus, a risk premium of 5.00% to account for a small size of the company suitable



CA Avneep L Mehta
(Registered Valuer – Securities or Financial Assets)
c/o M O J & Associates, 4/1, Brunton Road, Bengaluru– 560025

To,
The Board of Directors,
Pot Ful India Private Limited
No 20/4(BBMP No 28), 1st “D” Main Road,
Jakkasandra, Kormangala 1st Block,
Bengaluru 560034

Subject: Determination of fair value of equity shares in compliance with Section 62(1)(c) of the Companies Act, 2013 read with Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014.

Rule 10 of the Companies (Registered Valuers and Valuation) Rules, 2017 (Rules) read with section 247 of the Companies Act, 2013 (Act) which require that a registered valuer shall conduct valuations required under the Act.

Dear Sir,

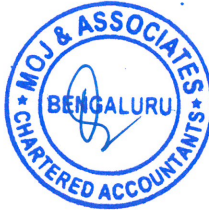
I have been appointed by the board of directors of Pot Ful India Private Limited with board resolution dated June 05, 2023 to determine the fair value of the unquoted equity shares in compliance with the provisions of Section 62(1)(c) of the Companies Act, 2013. I have conducted the valuation exercise based on information/documents and explanations given to me by the management. Based on the same, my report on valuation is being submitted herewith for your kind reference. The Fair Value of the equity shares of Pot Ful India Private Limited for the cut-off date, March 31, 2023 is estimated at **INR. 93,472/-** per share.

The valuation is dependent on the achievability of the projections. I have appraised the equity share valuation in accordance with the International Valuation Standards published by International Valuation Standards Council

Yours Faithfully,

Per Avneep L Mehta
Registered Valuer – Securities or Financial Assets (IBBI, India)
IBBI No: IBBI/RV/02/2019/11509
IOV No: IOVRV00613SFA
VRN: IOV/2023-2024/4715
UDIN: 23225441BGTEWQ4023

Place: Bengaluru
Date: July 07, 2023



POT FUL INDIA PRIVATE LIMITED

Share Valuation Report

July 2023

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1 Background

Company Overview

Pot Ful India Private Limited (herein after referred to as 'Pot Ful' or 'the company') having CIN U74999KA2017PTC103484. The company is engaged in the preparation of authentic Indian food varieties and supply to end customer against the online orders.

The company was incorporated on May 31, 2017 and has its registered office in No 20/4(BBMP No 28), 1st "D" Main Road, Jakkasandra, Kormangala 1st Block, Bengaluru 560034. The company currently has an authorized capital of INR. 1,000,000 consisting of 100,000 equity shares of INR.10 each, Further the Company has an issued, subscribed and paid-up capital of INR. 134,800 consisting of 13,480 equity shares of INR.10 each. The company has only one class of equity shares having par value of INR.10 each. All equity shares carry similar voting rights of 1:1 and similar dividend rights.

I have been appointed by the board of directors of the company dated July 05, 2023 to carry out the share valuation of shares as on March 31, 2023 in compliance with the Companies Act, 2013 for the purpose of issue of shares.

I have appraised the equity share valuation in accordance with the International Valuation Standards published by International Valuation Standards Council.

2 Scope and limitations of the work

- The sole purpose of this report is for determining the fair price of the shares of Pot Ful as on March 31, 2023. I have relied upon the information / explanation provided by the Company for the purpose of carrying out the valuation exercise.
- This report should not be used for any other purpose or distributed to anyone other than a party connected (which may include advisor(s), auditors of the Company, directors) without our prior written consent.
- I have not made an appraisal or independent valuation or physical verification of any of any assets or liabilities of the Company and I take no responsibility on the identification of such assets and liabilities.
- I have no obligation to update this report or revise this valuation because of events or transactions occurring subsequent to the date of this report.
- I have not reviewed, nor do I vouch for the completeness or legality of the contracts & agreements entered into by the Company with other parties, affiliates or associates.
- This valuation report has been prepared on the basis of the projected financials of the company for the next five financial years from April 2023 to March 2028, along with discussion held with the management and other publicly available information.
- The valuation analysis of Pot Ful is based upon the future projections of company provided to me, which is based upon various assumptions made by company relating to the operations of its business and any change in these assumptions may have an impact on the conclusion of this report. Further, these projections make an underlying assumption that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- I have not conducted an audit or due diligence or reviewed/validated the financial data provided by the management or of the projections made by the company.
- The risk-free rate of return and the equity risk premium of the market have been taken based on the information readily available and generally utilized in India for calculating the discounted free cash flow.



- My valuation certificate should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company nor am I furnishing this certificate for arriving at a value for commercial transaction of investing in the shares of the Company.
- I have summarized the report of the Company based on the information as was provided to us pursuant to the meetings held with the management of the company and other publically available information. I do not assume any responsibility for the accuracy or reliability of such documents on which I have relied upon in forming our opinion.
- The valuation analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report. This report is issued on my understanding that the Management of the company has drawn my attention to all matters of which they are aware, which may have an impact on my report up to the date of this report. I have no responsibility to update this report for events and circumstances occurring after the date of this report.
- Although every effort has been made by us to verify and corroborate each document and to ensure that no inaccurate or misleading data, information, statement or opinion appears in this document, I wish to make it clear that the information and data appearing herein are the responsibility of management of the Company. Accordingly, I do not accept any responsibility whatsoever for the consequences for any such inaccurate or misleading information or data, opinion or statement.

3 Sources of information

For the purpose of this valuation, I have relied on the following sources of information:

- Memorandum of Association and Article of Association of the Company;
- Certificate of Incorporation of the Company.
- Audited financial statements for the financial year 2019-20, 2020-21 and 2021-22.
- Provisional financial statements for the financial year 2022-23.
- Projected financial statements from April 01, 2023 to March 31, 2028.
- Other information and clarifications sought from Management considered useful during course of the assignment.



4 Valuation methodology

Approach	Rationale
Income Approach Discounted Cash Flows (“DCF”)	■ Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business. ■ A Discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. ■ The rate at which the future cash flows are discounted (“the discount rate”) should reflect not only the time value of money, but also the risk associated with the business’ future operations. The discount rate most generally employed is Cost of Equity (“COE”), reflecting an optimal as opposed to actual financing structure. ■ In calculating the terminal value, regard must be had to the business’ potential for further growth beyond the explicit forecast period. The “constant growth model”, which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples. ■ The rate at which future cash flows are discounted should reflect not only the time value of the cash flows but also the risk associated with the business’ future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental. ■ As represented by the management of the Company, the Company is not an asset intensive company and their worth can be best measured by cash flows through its operation, Discounted Free Cash Flow (DFCF) method is an appropriate method to value the shares of the company. Hence this method has been used for the valuation.
Market Approach Market Price Method	■ Under this approach, the value of the business is arrived at considering the market price of the company based on the daily moving averages of the last six month volume traded weighted average of closing price on the stock exchange where the company’s shares are most frequently traded. ■ The Market Price methodology has not been considered in the Valuation of the Company as the Company is not publicly listed or traded on any stock exchange.
Market Approach Comparable Companies (“Cocos”)	■ Under Comparable Companies Method, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. ■ The appropriate multiple is generally based on the performance of listed companies with similar business models and size. This method is appropriate for businesses where it is possible to estimate Maintainable Earnings. ■ The CoCo methodology has not been applied in the Valuation of Company.
Market Approach	■ Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company.



Approach	Rationale
Comparable Transactions (“CoTrans”)	■ Due to different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts are embedded in the transaction values. ■ Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. ■ I have not used comparable transactions due to lack of availability of complete data relating to premiums/discounts involved in such transactions.
Cost Approach Net Asset Value	■ Under the net asset value approach, total value is based on the sum of net asset value as recorded on the balance sheet. ■ A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. ■ Hence, the Net Asset Value has not been considered.
Cost Approach Replacement Cost	■ The replacement cost of a business is the cost of acquiring similar assets employed in the business and/or reaching a similar level of development. A purchaser, faced with a build versus buy scenario, may be prepared to pay significantly over and above this cost to obtain advantages including time saved in developing a similar business, and risk of failure. ■ The replacement cost approach quantifies the cost and risk reach the present stage of development. ■ This approach is often used for non-mature technology. ■ Hence, the replacement cost method has not been considered.
Cost Approach Market Value of Assets or Realizable Value	■ Under a Market Value approach, total value is based on the sum of market value of asset value less market value of liabilities plus, the value of intangible assets not recorded on the balance sheet. ■ This methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. ■ Hence, the market value method has not been considered.



5 Valuation

As mentioned in para 4 above, DCF method has been adopted. The DCF Method involves determination of cash inflow of explicit period and assuming a residual value of the equipment at the end of their operational life, wherever it is appropriate to do so. Further, discounting the cash flows so arrived at using an appropriate WACC (Weighted Average Cost of Capital) would provide the discounted cash flows at the end of each year. A summation of this would provide the worth of the Company.

The discounted cash flows have been determined considering projected financial results for the next five years (i.e. from April 01, 2023 to March 31, 2028).

Based on such valuation, the per share value has been arrived at INR. 93,472 /-

A more detailed calculation of the above valuation has been provided in **Annexure A**. Following assumptions have been made by the management in carrying out the projections of cash flows,

Cost of equity	
A. Risk free return	7.32%
B. Market risk premium	5.94%
C. Country risk premium	3.79%
D. Beta	1.20
E. Company risk	5%
Cost of Equity (Ke) (B*C+A+C+D)	23.27%



Per Avneep L Mehta
Registered Valuer – Securities or Financial Assets (IBBI, India)
IBBI No: IBBI/RV/02/2019/11509
IOV No: IOVRV00613SFA
VRN: IOV/2023-2024/4715
UDIN: 23225441BGTEWQ4023

Place: Bengaluru
Date: July 07, 2023



Annexure A - Discounted Cash Flow Method of valuation of Shares

Amount in INR

Particulars	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Terminal value
Free cash flows	(38,15,539)	93,84,337	4,08,26,450	16,51,13,833	29,12,79,134	2,87,03,11,777
Discounting factor	0.90	0.73	0.59	0.48	0.39	0.39
Discounted cash flows	(34,36,636)	68,57,038	2,42,00,810	7,94,01,197	11,36,33,994	1,11,97,67,791

Particulars	Amount (INR)
Sum of discounted cash flows	1,34,04,24,193
Add: Cash and cash equivalents	1,36,576
Less: Borrowings	(8,05,59,466)
Net discounted cash flows(A)	1,26,00,01,304
No of equity shares(B)	13,480
Value per share (C=A/B)	93,471.91
Rounded off	93,472.00



Notes:

- A) **Risk free return:** The 10 years government bond yield has been used for computing expected risk free rate. Expected risk free rate is based on historic values assuming it to be reliable measure of future economic conditions

Particulars	Details
Average from	01/04/2013- 31/03/2023
No. of years	10
Expected risk free rate	7.32%

- B) **Market risk premium and Country risk premium:** I have obtained from the analysis made by Aswath Damodaran (Professor of corporate finance and valuation at the Stern School of Business at New York University) towards country default spread ('CDS') and risk premium. He uses the local currency sovereign rating (from Moody's: www.moody.com) and estimates the default spread for that rating (based upon traded country bonds) over a default free government bond rate. To get the default spreads by sovereign rating, He use the CDS spreads and compute the average CDS spread by rating.
- C) **Beta:** It is provided by the Aswath Damodaran based on Industry Sector. He has provided 1.20 for Restaurant. Betas adjusted to reflect a firm's total exposure to risk rather than just the market risk component. It is a function of the market beta and the portion of the total risk that is market risk. These betas might provide better estimates of the costs of equity for undiversified owners of businesses.
- D) **Small company risk premium:** Pot Ful is a privately held entity which is quite small in size as compared to the listed players in the restaurant business. Larger size, more are the chances to reap benefits of economies of scale and as the size gets smaller, the operating risk comparative to large sized companies tends to increase. Thus, a risk premium of 5.00% to account for a small size of the company suitable

