

## REPORT ON VALUATION OF SHARES OF **THOMAS SCOTT (INDIA) LIMITED**

**STRICTLY PRIVATE & CONFIDENTIAL**

I, Dinesh Kumar Deora, Registered Valuer have been requested by the Management of **THOMAS SCOTT (INDIA) LIMITED (CIN: L18109MH2010PLC209302)** (hereinafter referred to as "TSIL" or "the Company") to undertake the valuation of Equity Shares of the Company and issue a report recommending the fair value per Equity Share of the Company as per Securities And Exchange Board Of India (Issue Of Capital And Disclosure requirements) Regulations, 2018 for issuing Equity Shares.

In the following paragraphs I have summarized my understanding of the key facts, key information relied upon, valuation approach and limitations to my scope of work:-

### **1 BACKGROUND**

THOMAS SCOTT (INDIA) LIMITED is an Indian listed, which was incorporated on 22<sup>nd</sup> October, 2010. The Company is in the business of Textiles.

The Registered Office of the Company is located at 447, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel (West), Delisle Road, Mumbai - 400013, Maharashtra, India.

### **2 PURPOSE OF VALUATION**

I have been informed by the Management of the Company, (hereinafter referred to as "the Management") that the Company intends to issue Equity Shares by way of preferential allotment ("Proposed Transaction") which may result in allotment of more than 5% of the post issue fully diluted share capital.

In this connection, I have been appointed on 21<sup>st</sup> December, 2024 to carry out valuation of Equity Shares of the Company in accordance with Regulation 166A read with regulation 164 and other applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time and Articles of Association.

### **3 CONFLICT OF INTEREST**

I do not have any interest or conflict of interest of any kind with the Company with respect to the valuation undertaken by me. Further, the fees for this engagement is not contingent upon the results arrived under this valuation exercise.

#### **4 SOURCES OF INFORMATION**

For the purpose of the valuation exercise I have relied upon the following sources of information provided by the management of the Company:

- (a) Audited Financial Statements for the year ended 31<sup>st</sup> March, 2024.
- (b) Unaudited Financial Statements for the period ended 30<sup>th</sup> September, 2024
- (c) Shareholding pattern of the Company as on date;
- (d) Memorandum and Articles of Association of the Company;
- (e) Information including market prices, trading volumes etc., available in public domain and databases such as BSE, NSE, moneycontrol, etc.
- (f) Such other information and explanations as required and which has been provided by the Management of the Company.

#### **5 RELEVANT DATE & REPORT DATE**

The analysis of the Fair Value of the Equity Shares of the Company has been carried out as on the Relevant Date i.e. 17<sup>th</sup> December, 2024 and valuation report date is 24<sup>th</sup> December, 2024. As per Regulation 161 of the SEBI ICDR, 2018, "relevant date" means in case of preferential issue, the date thirty days prior to the date on which the meeting of Equity Shareholders is held to consider the proposed preferential issue. The Extra-Ordinary General Meeting of the Company is proposed to be held on 16<sup>th</sup> January, 2024.

#### **6 VALUATION APPROACHES**

For the purposes of valuation, generally the following approaches are adopted:

- (a) the 'underlying asset' approach;
- (b) the 'Income' approach; and
- (c) the 'market' approach.

##### **(a) 'underlying asset' approach**

In case of the 'underlying asset' approach, the value per share is determined by arriving at the net assets (Assets Less Liabilities) of the Company.

##### **(b) 'Income' Approach**

Under the 'Income' approach, the equity shares of the company can be valued using either Discounted Cash Flow (DCF) Method - FCF Approach or Price Earning Capacity Value (PECV) Method.

### **DCF Method**

Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and other adjustments are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

Using the DCF method involves determining the following:

- *Estimating the future free cash flows:*  
Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity's capital. The free cash flows under the FCF method are determined by adjusting the Earnings before Taxes, Depreciation and Amortization for capital expenditure, taxes and working capital.
- *Time frame of such cash flows:*  
The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.
- *Appropriate Discount rate (WACC):*  
Under DCF-FCFF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. WACC is considered as the most appropriate discount rate in the DCF Method since it reflects both the business and the financial risk of the company. In other words, WACC is generally the weighted average of the company's cost of equity capital. Normally, in stable growth companies the cost of equity is determined by using Capital Asset Pricing Model ('CAPM'). The WACC arrived as per the Working is adjusted for additional risk premium on account of uncertainty of the Management projections.
- *Terminal or perpetuity value:*  
The Perpetuity value of an ongoing business is determined as present value of the estimated future free cash flows by capitalizing the free cash flows of the last year of the explicit projection period into perpetuity using an appropriate rate of return and perpetual growth rate.
- *Value for Equity Shareholders:*  
The equity value so arrived at under 'income' approach is divided by the outstanding number of equity shares as on the date of valuation to arrive at the value per share of the Company.

### **PECV Method**

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Under PECV method, the average earnings on the basis of past 3-5 years are first determined, adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc.

In the present case Price Earning Capacity Value (PECV) Method has been considered.

(c) 'Market' Approach

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

As per Guidelines for Preferential Issue, the minimum price at which shares are to be issued (in case of frequently traded shares) is prescribed under Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Regulation 164 (1) states - If the equity shares of the issuer have been listed on a recognised 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 price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or

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.

Regulation 164 (5) states "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

Explanation to regulation 164 states that - For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of

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the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.

Comparable Companies Multiples Method

Comparable Company method wherein the value of a Company is determined by comparing it to other companies of similar size in similar industries.

## **7 METHODOLOGY OF VALUATION**

Since in the present case, Equity Shares of a listed Indian Company, would be issued on preferential basis, as per guidelines for Preferential Issue, the Minimum Price at which shares are to be issued (in case of frequently traded shares) is prescribed under Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

In the present case, Equity Shares of SPL are listed on BSE & NSE, which are widely held, regularly and frequently traded with reasonable volumes on the exchanges. I have therefore used the market price approach to value the Equity Shares of SPL as per the extant regulations of Securities And Exchange Board Of India (Issue Of Capital And Disclosure requirements) Regulations, 2018 . Moreover the trading volume of the equity shares of the Company was higher on NSE during the preceding 90 trading days prior to the relevant date hence the 90 trading days volume weighted average price and the 10 trading days volume weighted average price of the equity shares on NSE has been considered. The Articles of Association of the Company provides for determination of floor price for equity shares to be allotted pursuant to the preferential issue on the basis of the valuation report of the registered valuer subject to such condition prescribed in the rules made under the Companies Rules 2014. The detailed working of the calculation is provided at Annexure – I.

I have also considered NAV method to value the shares by arriving at the net assets (Assets Less Liabilities) of the Company as per the unaudited financials of the Company as on 30<sup>th</sup> September, 2024 as per working provided in Annexure II.

I have also Considered Comparable Companies Multiples Method as per working provided in Annexure III.

I have also considered the Price Earning Capacity Value (PECV) Method as per working provided in Annexure IV.

Regulation 164 states that the floor price shall be higher of the price determined as per Regulation 164 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. Hence the higher of the price obtained from the above methods has been considered.

## 8 RECOMMENDATION

Based on my analysis of the valuation and subject to the caveats as further detailed in this report, the recommended fair value of equity shares is **Rs. 327.73/- (Rupees Three Hundred Twenty-Seven and Seventy Three Paise Only)** per equity share of the face value of Rs. 10/- each (as detailed in workings at Annexure V to this Report) as on 24/12/2024.

## 9 EXCLUSIONS AND SCOPE LIMITATIONS

This report is subject to the scope limitations detailed hereinafter. 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.

No investigation of the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of legal nature.

The work does not constitute certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of the engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

This report is issued on the understanding that the Company has drawn my attention to all material information, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on my opinion, on the value of the equity share of the Company, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I also have no responsibility to update this report for events and circumstances occurring after the date of this report.

This Valuation Report does not look into the business/commercial reasons behind the proposed transaction or address any potential synergies to the Company and other parties connected thereto.

In the course of the valuation, I was provided with both written and verbal information. I have evaluated the information provided to me by the Company through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me.

*Dinesh Kumar Deora*

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The report is not, nor should it be construed as opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.

The information contained herein and the report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of the Company, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only after obtaining prior permission in writing.

This document has been prepared solely for the purpose of assisting the Company, under consideration, in recommending the fair value per equity share of the Company.

By its very nature, valuation work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, opinion on the valuation exercise may differ due to application of the facts and assumptions, formulas used and numerous other factors. There is, therefore, no indisputable single value or standard methodology for arriving at the value per equity share. Although my conclusions are in my opinion reasonable, it is quite possible that others may not agree.

I, nor my employees or agents or any of them/makes any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which the report is issued. All such parties expressly disclaim any and all liability for, or based on, or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the company referred herein or any person connected thereto.

Thanking You,  
Yours faithfully,

**Dinesh Kumar Deora**

**REGISTERED VALUER: Securities or Financial Assets  
IBBI Registration Number IBBI/RV/07/2019/12711  
PVAI RVO COP Number: COP/01/OFL/23-24/496  
UDIN: F005683F003481397**

**Place : Mumbai  
Date : December 24, 2024**

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**ANNEXURE – I**

**Calculation as per Regulation 164 of SEBI (Issue of Capital and Disclosure Requirements)  
Regulations, 2018**

Proposed date of Extra-ordinary General Meeting (EGM)	16 <sup>th</sup> January, 2025
Relevant date (30 days prior to date of EGM)	17 <sup>th</sup> December, 2024

1. VWAP for a period of 90 trading days (Day number 1 being earliest)

Day Number	Date	Total Traded Quantity	Turnover (Rs.)
1	07-Aug-24	5,756	13,60,430.60
2	08-Aug-24	482	1,19,608.30
3	09-Aug-24	1,599	4,16,619.45
4	12-Aug-24	13,454	36,77,131.70
5	13-Aug-24	12,588	32,92,307.60
6	14-Aug-24	6,480	16,51,075.60
7	16-Aug-24	3,982	10,09,730.65
8	19-Aug-24	2,581	6,57,797.60
9	20-Aug-24	10,297	26,71,294.80
10	21-Aug-24	3,011	7,68,631.00
11	22-Aug-24	7,122	18,03,549.25
12	23-Aug-24	5,332	13,37,837.20
13	26-Aug-24	2,173	5,34,410.70
14	27-Aug-24	3,587	8,65,790.05
15	28-Aug-24	7,464	17,78,591.50
16	29-Aug-24	1,756	4,37,323.30
17	30-Aug-24	2,674	6,45,503.60
18	02-Sep-24	3,631	8,74,142.63
19	03-Sep-24	2,484	5,91,210.00
20	04-Sep-24	1,601	3,81,635.00



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21	05-Sep-24	2,314	5,38,266.00
22	06-Sep-24	643	1,50,997.33
23	09-Sep-24	1,043	2,45,105.00
24	10-Sep-24	7,102	16,74,559.22
25	11-Sep-24	2,683	6,43,882.45
26	12-Sep-24	4,093	9,65,372.55
27	13-Sep-24	1,262	3,04,626.08
28	16-Sep-24	2,626	6,30,859.08
29	17-Sep-24	1,187	2,89,166.67
30	18-Sep-24	3,480	8,56,092.60
31	19-Sep-24	487	1,20,003.45
32	20-Sep-24	24,795	60,99,279.48
33	23-Sep-24	13,219	33,63,209.74
34	24-Sep-24	44,481	1,18,06,083.68
35	25-Sep-24	59,174	1,52,99,541.92
36	26-Sep-24	9,423	24,13,452.59
37	27-Sep-24	10,278	25,71,843.48
38	30-Sep-24	72,703	1,74,14,117.58
39	01-Oct-24	23,766	54,81,421.76
40	03-Oct-24	11,935	27,59,427.33
41	04-Oct-24	6,694	15,81,855.60
42	07-Oct-24	51,504	1,17,44,309.75
43	08-Oct-24	85,212	1,84,51,284.89
44	09-Oct-24	1,11,758	2,32,22,986.83
45	10-Oct-24	17,276	37,86,408.35
46	11-Oct-24	12,666	28,77,209.57
47	14-Oct-24	61,724	1,49,01,971.26
48	15-Oct-24	33,121	82,22,485.86

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49	16-Oct-24	7,693	18,48,035.88
50	17-Oct-24	9,325	21,84,043.59
51	18-Oct-24	22,644	54,06,838.91
52	21-Oct-24	50,501	1,30,40,739.83
53	22-Oct-24	1,04,543	2,59,82,657.91
54	23-Oct-24	1,18,147	2,78,09,543.67
55	24-Oct-24	38,444	85,37,912.41
56	25-Oct-24	11,827	25,04,490.44
57	28-Oct-24	41,113	87,08,480.52
58	29-Oct-24	45,048	94,76,984.06
59	30-Oct-24	14,135	30,35,916.92
60	31-Oct-24	56,132	1,22,15,347.00
61	01-Nov-24	12,458	26,74,708.85
62	04-Nov-24	70,295	1,42,72,834.72
63	05-Nov-24	65,797	1,41,56,453.32
64	06-Nov-24	59,775	1,30,45,482.76
65	07-Nov-24	34,279	76,46,259.10
66	08-Nov-24	38,036	82,29,067.03
67	11-Nov-24	47,351	1,04,56,152.71
68	12-Nov-24	18,836	41,21,507.96
69	13-Nov-24	11,952	25,26,977.04
70	14-Nov-24	53,736	1,16,31,758.63
71	18-Nov-24	29,096	63,94,541.25
72	19-Nov-24	93,417	1,94,64,188.36
73	21-Nov-24	24,146	47,86,128.02
74	22-Nov-24	51,319	97,20,619.71
75	25-Nov-24	55,072	1,07,12,314.42
76	26-Nov-24	38,532	73,38,167.81

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77	27-Nov-24	48,768	96,21,124.12
78	28-Nov-24	2,11,726	4,41,72,296.95
79	29-Nov-24	3,732	8,18,539.56
80	02-Dec-24	94,371	2,16,10,195.39
81	03-Dec-24	15,266	36,91,055.80
82	04-Dec-24	8,605	21,84,723.45
83	05-Dec-24	1,75,584	4,66,31,587.21
84	06-Dec-24	83,793	2,33,78,551.58
85	09-Dec-24	53,393	1,56,91,668.77
86	10-Dec-24	13,337	41,15,531.46
87	11-Dec-24	13,320	43,15,510.80
88	12-Dec-24	9,217	31,35,623.40
89	13-Dec-24	6,61,214	23,47,45,485.15
90	16-Dec-24	19,264	72,08,588.80
	<b>TOTAL</b>	<b>34,09,942</b>	<b>87,25,39,076</b>
<b>VWAP of 90 trading days volume weighted average price ("VWAP") preceding the relevant date</b>			<b>255.88</b>

2. VWAP for a period of 10 trading days (From earliest to latest)

Day Number	Date	Total Traded Quantity	Turnover (Rs.)
1	03-Dec-24	15,266	36,91,055.80
2	04-Dec-24	8,605	21,84,723.45
3	05-Dec-24	1,75,584	4,66,31,587.21
4	06-Dec-24	83,793	2,33,78,551.58
5	09-Dec-24	53,393	1,56,91,668.77
6	10-Dec-24	13,337	41,15,531.46
7	11-Dec-24	13,320	43,15,510.80
8	12-Dec-24	9,217	31,35,623.40

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9	13-Dec-24	6,61,214	23,47,45,485.15
10	16-Dec-24	19,264	72,08,588.80
	<b>TOTAL</b>	<b>10,52,993</b>	<b>34,50,98,326</b>
<b>VWAP of 10 trading days volume weighted average price ("VWAP") preceding the relevant date</b>			<b>327.73</b>

Minimum issue price for the proposed preferential issue is higher of VWAP of 90 previous trading days or VWAP of 10 previous trading days. As VWAP of 10 previous trading days is higher, the minimum issue price is **Rs. 327.73/-**.

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**ANNEXURE – II**

**Valuation based on Intrinsic value Method as per Unaudited Financials as on 30/09/2024**

<b>Particulars</b>	<b>Rs in Lakhs</b>
Financial and Non-Financial Assets	10,133.08
Less: Outside Liabilities	3741.42
Net Asset Value	6391.66
No of Equity Shares (Actuals)	1,12,95,219
<b>Equity Per Share (Rs.)</b>	<b>56.59</b>

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**ANNEXURE III**

**Comparable Companies Multiples Method**

Comparable Trading Multiples are financial measurement tools that evaluate one financial metric as a ratio of another, in order to make different companies more comparable. Analyzing comparable trading multiples involves analyzing companies with similar operating, financial, and ownership profiles.

Multiples are the proportion of one financial metric to another financial metric. Common multiples applied for valuation are price to earnings multiple, price to book value multiple, enterprise value to EBITDA multiple and sectoral multiples like enterprise value.

The most appropriate valuation multiple is price to book.

I have considered average price to book multiples of the following companies for 31<sup>st</sup> March, 2024:-

<b>Companies</b>	<b>Trading Multiple (Price to book)</b>
Active Clothing Co Ltd	2.50
BANG OVERSEAS LTD	1.50
Bella Casa Fashion & Retail Ltd	8.32
CELEBRITY FASHIONS LTD	2.72
Garment Mantra Lifestyle Ltd	1.29
GB Global Ltd	0.18
INDIAN TERRAIN FASHIONS LTD.	1.40
Lorenzini Apparels Ltd	6.50
LOVABLE LINGERIE LTD	1.10
Monte Carlo Fashions Ltd	2.31
RUPA & COMPANY LTD	2.08
S.P. Apparels Ltd	2.82
SPENTA INTERNATIONAL LTD	1.66
Vinny Overseas Ltd	2.93
VIP Clothing Ltd	2.19
Vishal Fabrics Ltd	1.43
ZODIAC CLOTHING CO.LTD	1.57
<b>Average Price to book</b>	<b>2.5</b>

**Source: BSE Website (The above Companies have been selected based on Companies from the Garments & Apparels Industry having similar turnover for the financial year 2023-24)**

<b>Particulars</b>	<b>Rs.</b>
Book value per Share as on 30 <sup>th</sup> September, 2024	56.59
Comparable Trading Multiples	2.5
<b>Price per Equity Share- Comparable Trading Multiples</b>	<b>141.48</b>

*Dinesh Kumar Deora*  
*Registered Valuer – Securities or Financial Assets*  
*IBBI Registration Number IBBI/RV/07/2019/12711*  
*PVAI RVO COP Number COP/01/OFL/23-24/496*

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**ANNEXURE – IV**

**Calculation as per PECV Method**

1. Average Earnings of previous 3 (Three) Years:-

(Rs. In Lakhs)

Particulars	F.Y. 2023-2024	F.Y. 2022-2023	F.Y. 2021-2022
Total Income	9148.60	6281.58	3246.30
Total Expenses	8148.87	5983.66	3176.69
Net Profit/ (Loss) before tax and exceptional items	999.73	297.91	69.61
Deferred Tax	(2.47)	9.98	6.75
Net Profit/ (Loss) after tax	1002.20	287.94	62.86
Average Earnings for previous three years	451		

2. Capitalization Rate:-

Considering the type of business and industry Capitalization rate (Expected Rate of return) of 20% is recommended.

3. Capitalized Earnings:-

Capitalized Earnings = Average Net Earnings before tax  
Capitalization Rate

$$= 451 \text{ Lakhs} \\ 20\%$$

$$= 2,255 \text{ Lakhs}$$

4. Value per share = Capitalized Earnings  
No of Equity Shares

$$= 2,255 \text{ Lakhs} \\ 1,12,95,219$$

= Rs. 19.96/- per Share

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**ANNEXURE – V**

<b>Valuation Method</b>	<b>Value per share (Rs.)</b>	<b>Weight</b>	<b>Weighted Average Equity Value (Rs.)</b>
Market Price (as prescribed under regulation 164) (Market Approach)	327.73	100%	327.73
Underlying Asset (NAV) (Asset Approach)	56.59	0%	-
Comparable Companies Multiple (CCM)	141.48	0%	-
Price Earning Capacity Value (PECV) (Income Approach)	19.96	0%	-
<b>Value per share (Rs.)</b>			<b>327.73</b>

\*I would like to emphasize that equity value per share under the NAV, CCM and PECV method is lower than the market price method as prescribed Regulation 164 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. As per SEBI ICDR regulations any listed company issuing Equity Shares cannot issue below the floor price determined as per Regulation 164. Hence for the purpose of arriving at the fair value of equity shares for the purpose of proposed preferential allotment I have not given any weightage to value under NAV, CCM and PECV method.