

To

The Board of Directors
KEERTHI INDUSTRIES LIMITED,
Plot No.40, IDA Balanagar, Hyderabad,
Telangana, India, 500037.

VALUATION REPORT ON SLUMP SALE

Scope and Purpose:

The management of **KEERTHI INDUSTRIES LIMITED** is asked to obtain valuation report to determine the **fair market value (FMV)** of capital assets being transferred through a **slump sale** of the **'PCB Division'** in accordance with **Section 50B** of the Income-tax Act, 1961, and **Rule 11UAE** of the Income-tax Rules, 1962. This valuation is required to compute the deemed full value of consideration as on **31st March 2025**.

Background of the Company and transaction

KEERTHI INDUSTRIES LIMITED ('KIL' or 'the Company') having registered office Plot No.40, IDA Balanagar, Hyderabad, Telangana, India, 500037 incorporated on May 17th 1982, with the objective of carrying on business of manufacturing of 43 & 53 grade OPC and PPC Cement (hereinafter referred to as **'Cement Division'** and manufacturing of Flexible PCB & Rigid PCBs and supplies them to worldwide clients (hereinafter referred to as **'PCB Division'**). The face value of the Equity Share is Rs.10/- (Rupees Ten).

We have been informed by the Management of KIL (hereinafter referred to as **'the Management'**) that the company intends to transfer the **'PCB Division'** to **Hyderabad Bottling Co Private Limited** (hereinafter referred to as **'HBCPL'** or the **'Purchaser'**) on a slump sale basis for lumpsum consideration vide a Business Transfer Agreement (**'BTA'**).

It is in this regard, the Management intends to determine the fair market value of the **PCB Division** (i.e. capital assets getting transferred by way of slump sale), as per Section 50B of the Income tax Act, 1961 read with Rule 11UAE and 11UA of the Income Tax Rules 1962.

The capital structure of the company as on valuation date 31st March 2025 is as follows:

Authorized capital of Rs. 38,00,00,000 divided into 3,80,00,000 equity shares of Rs. 10 each and Issued, Subscribed and Paid-up capital of Rs. 8,01,67,380 divided into 80,16,738 equity shares of Rs. 10 each.

The valuation exercise is being carried out to ascertain the **fair market value (FMV)** of capital assets of **'PCB Division'** being transferred through a **slump sale** in accordance with **Section 50B** of the Income-tax Act, 1961, read with **Rule 11UAE** of the Income-tax Rules, 1962.

* The word 'Division' in any part of this report refers to the PCB Division of Keerthi Industries Limited



Valuation Basis

I have considered to value 'PCB Division' of **M/s. KEERTHI INDUSTRIES LIMITED** on Fair value basis based on the formulae mentioned in the Rule 11UAE of the Income Tax Rules, 1962. Indian Valuation Standard 102, Fair value defines fair value as ***"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"***.

Premise of Value

The Division is valued on a "value in use" or going-concern premise. This premise assumes that the Division is a Going concern i.e. a business enterprise that is conducting operations at a given date, has every reasonable expectation of doing so for the foreseeable future after that date. Going concern value is the value of a Business Enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

Valuation Analysis

- **Methodology:**

Section 50B of the Income tax Act, 1962

Special provision for computation of capital gains in case of slump sale.

- (1) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place :

Provided that any profits or gains arising from the transfer under the slump sale of any capital asset being one or more undertakings owned and held by an assessee for not more than thirty-six months immediately preceding the date of its transfer shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

- (2) In relation to capital assets being an undertaking or division transferred by way of such slump sale,—(i) the "net worth" of the undertaking or the division, as the case may be, shall be deemed to be the cost of acquisition and the cost of improvement for the purposes of sections 48 and 49 and no regard shall be given to the provisions contained in the second proviso to section 48;(ii) fair market value of the capital assets as on the date of transfer, calculated in the prescribed manner, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of such capital asset.
- (3) Every assessee, in the case of slump sale, shall furnish in the prescribed form a report of an accountant as defined in the Explanation below sub-section (2) of section 288 before the specified date referred to in section 44AB indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section.



Explanation 1.—For the purposes of this section, "net worth" shall be the aggregate value of total assets of the undertaking or division as reduced by the value of liabilities of such undertaking or division as appearing in its books of account :

Provided that any change in the value of assets on account of revaluation of assets shall be ignored for the purposes of computing the net worth.

Explanation 2.—For computing the net worth, the aggregate value of total assets shall be,—(a) in the case of depreciable assets, the written down value of the block of assets determined in accordance with the provisions contained in sub-item (c) of item (i) of sub-clause (c) of clause (6) of section 43; (aa) in the case of capital asset being goodwill of a business or profession, which has not been acquired by the assessee by purchase from a previous owner, nil; (b) in the case of capital assets in respect of which the whole of the expenditure has been allowed or is allowable as a deduction under section 35AD, nil; and (c) in the case of other assets, the book value of such assets.

RULE 11UAE of the Income tax rules, 1962

Computation of fair market value of capital assets for the purposes of section 50B of the Income-tax Act.

- (1) For the purpose of clause (ii) of sub-section (2) of section 50B, the fair market value of the capital assets shall be the FMV1 determined under sub-rule (2) or FMV2 determined under sub-rule (3), whichever is higher.
- (2) The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined in accordance with the formula—

$A+B+C+D-L$, where,

A = Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such undertaking or the division,—(i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;



L= book value of liabilities as appearing in the books of account of the undertaking or the division transferred by way of slump sale, but not including the following amounts which relates to such undertaking or division, namely: —(i) the paid-up capital in respect of equity shares;(ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;(iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;(iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;(v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;(vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares.

- (3) FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the formula—

$E+F+G+H$, where,

E = value of the monetary consideration received or accruing as a result of the transfer;

F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;

G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;

H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property.

- (4) The fair market value of the capital assets under sub-rule (2) and sub-rule (3) shall be determined on the date of slump sale and for this purpose valuation date referred to in rule 11UA shall also mean the date of slump sale.

Explanation.—For the purposes of this rule, the expression "registered valuer" and "securities" shall have the same meanings as respectively assigned to them in rule 11U.]

Basis for the determination of the valuation:

My valuation is based on the unaudited provisional carve-out financials of the '**PCB Division**' as at 31st March, 2025, information and explanations provided by the management. The valuation has been carried out based on the guidance of Sec 50B read with Rule 11UAE of the Income tax rules, 1962.



Appointing Authority

We were assigned with this project of valuation of the 'PCB Division' by the Board of Directors of the Company and engagement letter for this project has been signed by Mr. J Seshagiri Rao, Director of the Company, authorized by their Board of Directors resolution.

Sources of Information

- Provisional Carve out Financial Statements of Division as on 31st March, 2025
- Trial Balance of the division
- Details of TDS, advance tax, prepaid expenses, mutual funds etc.,
- Valuation report(s) from registered valuers for Immovable Property Fair Value
- Draft Slump sale agreement
- Discussions with company's finance team
- Management Representation Letter

Recommended valuation

Based on the valuation performed, we hereby report that the fair market value of 'PCB Division' undertaking proposed to be transferred by way of slump sale computed in accordance with the Rule 11UAE of Income tax rules, 1962 as at 31st March, 2025 is Rs. 3600.00 lakhs. (Rupees Thirty Six Crores rupees).

INR in Lakhs		
S.No.	Particulars	Amount
(a)	FMV(1) of 'PCB Division' as per sub rule (2) of Rule 11UAE [Refer Annexure A(I)]	3225.89
(b)	FMV(1) of 'PCB Division' as per sub rule (3) of Rule 11UAE [Refer Annexure A(II)]	3600.00
	Fair Market Value of 'PCB Division' as at 31st March, 2025 to be higher of (a) or (b)	3600.00

Details of the workings are given under **Exhibit 1**.

Disclosure of Valuer's Interest/ Conflict

The Valuer is not related to the Company or its promoters or its director or their relatives. The valuer has no interest or conflict of interest with respect to the valuation under consideration.

Disclaimer

- While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client 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 you. My report is subject to the scope and 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.*
- The valuation of companies, divisions 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.*



- iii. *The actual market price achieved may be higher or lower than my estimate of value depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). 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.*
- iv. *An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to me as of, the date hereof. 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.*
- v. *The ultimate analysis will have to be tempered by the exercise of judicious discretion by the registered valuer and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.*
- vi. *In the course of the valuation, I was provided with both written and 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.*
- vii. *I am independent of the company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.*
- viii. *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 our prior written approval for any purpose other than the purpose for which it is prepared.*



Statement of limiting conditions

1. *The primary assumptions and limiting conditions pertaining to the value estimate conclusion(s) stated in the detailed Valuation report are summarized below. Other assumptions are cited elsewhere in the report.*
2. *The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation. i.e., 31st March 2025.*
3. *The compensation for completing this assignment is fee-based and is not contingent upon the development or reporting of a predetermined or direction in that favors the cause of the client, the outcome of the valuation, the amount of the opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
4. *I have performed a valuation engagement and present my detailed report in conformity with the "Valuation Standards" issued by the Institute of Chartered Accountants of India (ICAI). VS sets out that the objective of a valuation engagement is "to express an unambiguous opinion as to the of a business, business ownership interest, security or intangible asset which opinion is supported by all procedures that the appraiser deems to be relevant to the valuation." Also according to the Standard in a valuation engagement the valuer can apply valuation approaches or methods deemed in the analyst's professional judgment to be appropriate under the circumstances. In a valuation engagement the conclusion is expressed as either a single amount or a range.*
5. *I have not made an appraisal or independent valuation of any of the assets or liabilities of the Company and have not conducted an audit or due diligence.*
6. *Financial statements and other related information provided by M/s. KEERTHI INDUSTRIES LIMITED or their representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. I have not audited, reviewed, or compiled the financial information provided to me and accordingly, I express no audit opinion or any other form of assurance on this information.*
7. *Public information and industry and statistical information have been obtained from sources I believe to be reliable. However, I make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.*
8. *I do not provide assurance on the achievability of the results forecasted by entity because events and circumstances frequently do not occur as expected, differences between actual and expected results may be material, and achievement of the forecasted results is dependent on actions, plans, and strategies of management.*



9. *The valuation report and the conclusion of value arrived at therein are for the exclusive use of my client for the sole and specific purposes as noted therein. They may not be used for any other purpose or by any other party for any purpose. Furthermore the valuation report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner what so ever. The conclusion of value represents the my considered opinion based on information furnished to me by M/s. KEERTHI INDUSTRIES LIMITED.*
10. *Future services regarding the subject matter of this report, including but not limited to testimony or attendance in court, shall not be required of me unless previous arrangements have been made in writing.*
11. *I have conducted interviews with the current managements of M/s. KEERTHI INDUSTRIES LIMITED concerning the past, present, and prospective operating results of the company in the process of validation of information and assumptions made in respect of the financial information provided to us.*
12. *Except as noted, I have relied on the representations of the owners, management and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets including intangibles or liabilities, except as specifically stated to the contrary in this report. I have not attempted to confirm whether all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.*
13. *The approaches and methodologies used in my work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles. I express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to me by others. I assume that the financial and other information provided to me is accurate and complete, and I have relied on this information in performing my valuation.*
14. *We have not been engaged to, and do not, express any opinion on the tax planning strategy, transaction structure, legal validity, or implications of the proposed transaction, including any related party involvement. This valuation report should not be construed as providing any form of tax advice or guidance. We have not assessed whether the transaction qualifies as a related party transaction or whether it has been undertaken at arm's length. We were not involved in the negotiation, structuring, or documentation of the transaction, nor have we reviewed its commercial rationale or compliance with applicable regulatory provisions, including but not limited to transfer pricing regulations or the General Anti-Avoidance Rule (GAAR). Users of this report are advised to undertake their own independent assessment on these matters.*
15. *The valuation may not be used in conjunction with any other consideration or study. The value conclusions stated in the valuation report are based on the program of utilization described in the report and may not be separated into parts. The report was prepared solely for the purpose, function, and party so identified in the report.*



16. *Unless otherwise stated in the report, the valuation of the business has not considered or incorporated the potential economic gain or loss resulting from contingent assets, liabilities, or events existing as of the valuation date.*
17. *During the course of the valuation, I have considered information provided by company's managements and other parties. I believe these sources to be reliable, but no further responsibility is assumed for their accuracy.*
18. *Any projections of future events described in this report represent the general expectancy concerning such events as on the valuation date. These future events may or may not occur as anticipated, and actual operating results may vary from those described in my report.*
19. *I have no responsibility or obligation to update this report for events or circumstances occurring subsequent to the date of this report.*
20. *My valuation judgment, shown herein, pertains only to the subject business the stated value Approach (fair value), at the stated valuation date, and only for the stated valuation purpose.*
21. *The report assumes all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or reviewed for any use on which the opinion contained in the report is based.*
22. *I have no financial interest or contemplated financial interest in the companies that are the subject of this report.*
23. *Neither Valuer, nor its partners/directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which the valuation is carried out and disclaim any and all liability for or based on or relating to any such information contained in the valuation.*



CHANNA VENKATA SAI AKHIL
REGISTERED VALUER (Securities or Financial Assets)
Registration No. IBBI/RV/06/2023/15330
M.No. 250748
UDIN: 25250748 BMXB08601
Place: Hyderabad
Date: 29-05-2025

Exhibit 1:**Determination of Fair Market Value of 'PCB Division' in accordance with Rule 11UAE of the Income tax Rules, 1962 read with Section 50B of the Income Tax Act, 1961 alongwith Rule 11UA of the Income Tax Rules 1962.****(I) Calculation of FMV(1) under sub-rule(2) of Rule 11UAE**

Based on unaudited provisional carve-out financial statements of 'PCB Division' of KIL as at 31st March, 2025

		INR in Lakhs
S.No.	Particulars	Amount
A	Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale	2,308.28
Less:	(i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; related to the undertaking transferred	(18.76)
	(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;	(16.89)
	<u>Sub Total (A)</u>	2,272.63
B	Price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;	-
C	Fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;	336.67
D	Value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;	1,071.06
L	Book value of liabilities as appearing in the Balance Sheet of the undertaking transferred excluding (i) the paid-up capital of equity shares; (ii) amount set apart for payment of dividends (iii) reserves and surplus, (iv) provision for taxation, (v) provisions made for meeting liabilities (vi) amount representing contingent liabilities.	454.47
	<u>FMV(1) under sub-rule (2) of 11UAE (A+B+C+D-L)</u>	3,225.89

Notes:

1. Section 50B of the Income-Tax Act, 1961 read with Rule 11UAE and Rule 11UA of Income Tax Rules 1962 prescribes for valuation of capital asset as on the date of transfer. We have conducted the valuation in accordance with the valuation methodology prescribed under the Regulations, based on the unaudited carve-out financial statements of 'PCB Division' for the financial year ended 31 March 2025.
2. For, the purpose of determining the stamp duty of the immovable property, I have entirely relied on the stamp duty value workings certified by the Registered Valuer Mr. A Madhusudhan vide his valuation report dated 31.03.2025 for the purpose of arriving at the Fair Market Value of the 'PCB Division' under Rule 11UAE.
3. We understand from the Management that there are no amounts set apart for payment of dividends on equity shares of the Company.
4. The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the FMV (1) under sub rule (2) of Rule 11UAE.



5. Deferred Tax Assets as appearing in the balance sheet of the 'PCB Division' have not been considered for the purpose of FMV computation as they do not represent a realizable tangible asset as per Rule 11UAE(2)(A)(ii).
6. Advance tax and TDS receivables shown in the books have not been considered in the FMV computation, as refunds have not yet been applied for. In accordance with Rule 11UAE(2)(A)(i), only income-tax paid net of refunds claimed is considered.
7. Prepayments, including prepaid expenses recorded in the provisional financials as on 31st March 2025, have been excluded from the asset base since such balances do not reflect realizable economic value under the slump sale context in accordance with Rule 11UAE(2)(A)(ii).
8. Based on discussions with the management, the division does not possess significant standalone intangible assets (such as trademarks, proprietary technology, or goodwill) to which a reliable fair value can be assigned. The business model is generic and subject to low entry barriers and hence no material fair values can be assigned to such Intangible assets.

(II) Calculation of FMV(2) under sub-rule (3) of Rule 11UAE

Based on the discussion with the management and draft BTA to be entered into between the Company and the Purchaser

		INR in Lakhs
S.No.	Particulars	Amount
E	Value of the monetary consideration received or accruing as a result of the transfer	3,600.00
F	Fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule	-
G	The price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property	-
H	Value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property	-
FMV(2) under sub-rule (3) of 11UAE (E+F+G+H)		3,600.00

Note: The management has represented that 'PCB Division' is proposed to be transferred for a full and final lumpsum consideration of INR 3,600.00 lakhs and no non-monetary consideration represented in any form of property (i.e. movable and immovable) as defined in sub-rule (1) of Rule 11UA shall be received as a part of consideration.

