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The Company Secretary
HLE Glascoat Limited
H-106, Phase IV, GIDC, Vitthal Udyognagar,
Anand, Gujarat – 388121

K/a: Ms. Achal S. Thakkar

Dear Madam,

1. We refer to,
 - Our report bearing reference number RVA2324BOMREP133 dated February 13, 2024 (“Report”) to recommend share exchange ratio for the proposed amalgamation of Kinam Enterprise Private Limited (“KEPL”) into HLE Glascoat Limited (“HLE”) (“Proposed Transaction”); and
 - Your email dated March 11, 2024, requesting our response to certain clarifications/ information sought by NSE vide Ref: NSE/LIST/40414 dated March 07, 2024 (“NSE Letter”) in respect of the Scheme
2. Please find hereinunder the reply to the clarification sought by NSE in respect of valuation related matters.

“1. In Valuation Report, kindly clarify the following-

- a. In sources of Information, it has been observed that Limited Reviewed Financial statements for KEI and KEPL for the period December 31, 2023, are disclosed. Kindly clarify how is the Company complying with circular NSE/CML/2023/70 dated September 29, 2023.”*

Reply:

- i. The Proposed Transaction contemplates amalgamation of KEPL into HLE. As of December 31, 2023, HLE holds 35.56% stake in Kinam Engineering Industries (“KEI”) (a step-down subsidiary of KEPL).
- ii. KEPL does not have any material business operations, assets or liabilities apart from holding investment in KPEPL. For the purposes of valuation, the Management had provided us Special Purpose audited financial statements of KEPL as of December 31, 2023, which is also brought out in the section ‘Sources of Information’, in our Report.
- iii. KEI is a partnership firm engaged in the business of manufacturing and sale of heat exchangers and other related products, as of December 31, 2023. For the purposes of valuation, we have considered limited reviewed financial statements of KEI for the period ended December 31, 2023.

“b. Kindly provide workings for the valuation methods adopted including the comparable companies taken in CCM method.”

Reply:

For HLE, the following approaches were considered to arrive at its fair value of shares.

1. Market Price Method – As per SEBI (ICDR Guidelines) - Considering Relevant Date as August 7, 2023 [date for announcement of HLE Transaction. For details, refer Annexure 2, para 3 (c)];

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2. Market Price Method – As per SEBI (ICDR Guidelines) - Considering Relevant Date as February 13, 2024;
3. Comparable Companies Method – EV/EBITDA Multiple Method; and
4. Adjusted Net Assets Value Method.

For KEPL, Adjusted Net Assets Value Method, was considered considering *inter-alia* the fair value of investments.

The workings to arrive at the value per share of HLE and KEPL are provided as Annexure 1 and Annexure 2 respectively to this letter.

“c. Rationale for not adopting Income approach for HLE and KEPL and Market Approach for KEPL.”

Reply:

1. Rationale for not adopting Income approach for HLE,

Rationale of the valuation method/s adopted for HLE has been brought out in the section ‘Valuation Methodology adopted for HLE’ on Pg. 10 of our report. The reason for not considering Income approach is being reproduced below for your ready reference,

“In the present case, since the shares of HLE are listed on stock exchanges, information relating to its future financial performance is price sensitive. Further, we understand from the Management, having regard to the business in which HLE operates, projecting medium to long term financials on a reliable basis, is difficult and involves considerable subjectivity and hence projections of HLE have not been made available for the present exercise. In absence of availability of projections and business plans, we have not applied income approach for valuation of HLE”.

2. Rationale for not adopting Income approach and Market Approach for KEPL.

As mentioned earlier, KEPL does not have any material business operations apart from holding investment. Considering that KEPL is an investment holding company, its adjusted net asset value has been adopted for valuation of its equity shares considering *inter-alia* the fair value of its investment. The valuation of underlying step-down operating entity, viz, KEI, has been carried out adopting Price of Recent Investment, Income Approach and Market Approach.

We trust the above helps.

For RBSA Valuation Advisors LLP,
Registration No.: IBBI/RV-E/05/2019/110

Samir D. Shah
Partner

IBBI Membership No.: IBBI/RV/06/2019/12263

Date: 11/03/2024

Place: Mumbai



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Annexure 1: Valuation Workings of HLE

a. Market Price Method – As per SEBI (ICDR Guidelines)

Considering Relevant Date as August 7, 2023

Date	Close Price	Volume	Value (in INR)	Trading Days
24-Mar-23	503.35	18,576	94,07,778	90
27-Mar-23	491.55	27,138	1,34,61,883	89
28-Mar-23	474.40	64,583	3,10,89,959	88
29-Mar-23	467.15	86,278	4,05,81,648	87
31-Mar-23	504.80	6,73,103	35,04,71,612	86
03-Apr-23	512.65	89,654	4,61,12,483	85
05-Apr-23	518.10	51,096	2,65,63,251	84
06-Apr-23	522.50	37,823	1,97,13,672	83
10-Apr-23	520.05	33,515	1,74,12,002	82
11-Apr-23	519.85	43,460	2,26,23,102	81
12-Apr-23	519.45	43,218	2,24,22,754	80
13-Apr-23	520.65	23,245	1,20,89,245	79
17-Apr-23	603.55	13,48,233	79,86,76,790	78
18-Apr-23	588.30	2,68,726	16,06,73,233	77
19-Apr-23	592.00	98,720	5,85,95,066	76
20-Apr-23	582.80	45,261	2,65,67,314	75
21-Apr-23	563.70	64,830	3,66,79,892	74
24-Apr-23	605.90	7,94,421	48,62,69,136	73
25-Apr-23	611.20	1,69,297	10,37,75,681	72
26-Apr-23	605.30	60,535	3,67,87,780	71
27-Apr-23	595.90	49,318	2,96,45,811	70
28-Apr-23	594.35	56,743	3,39,91,949	69
02-May-23	601.10	44,717	2,68,41,323	68
03-May-23	596.00	36,826	2,20,28,524	67
04-May-23	597.05	24,047	1,43,77,799	66
05-May-23	623.85	7,33,968	46,63,29,067	65
08-May-23	621.15	68,480	4,29,60,962	64
09-May-23	622.90	70,548	4,37,75,926	63
10-May-23	622.00	86,553	5,43,53,025	62
11-May-23	625.05	53,883	3,37,03,430	61
12-May-23	619.10	22,960	1,42,50,232	60
15-May-23	614.40	27,778	1,70,57,109	59
16-May-23	623.20	1,78,058	11,23,53,951	58
17-May-23	624.30	72,122	4,49,72,170	57
18-May-23	619.35	27,844	1,73,59,715	56
19-May-23	618.45	20,244	1,24,87,309	55
22-May-23	604.85	36,022	2,18,92,132	54
23-May-23	600.35	45,201	2,73,33,162	53
24-May-23	601.65	51,085	3,07,71,810	52
25-May-23	600.50	34,245	2,06,23,137	51
26-May-23	606.65	61,331	3,73,15,690	50
29-May-23	596.95	64,875	3,92,24,231	49
30-May-23	615.90	2,96,295	18,29,29,701	48
31-May-23	617.75	44,434	2,74,23,147	47
01-Jun-23	616.35	40,754	2,51,59,230	46
02-Jun-23	638.00	2,58,734	16,42,26,799	45
05-Jun-23	665.45	5,03,545	33,39,14,063	44
06-Jun-23	678.70	2,04,689	13,88,44,098	43
07-Jun-23	677.65	1,27,160	8,60,67,716	42
08-Jun-23	664.95	93,261	6,22,80,683	41
09-Jun-23	675.45	1,27,984	8,54,39,360	40
12-Jun-23	680.60	1,13,732	7,82,30,269	39
13-Jun-23	678.15	49,483	3,36,65,533	38
14-Jun-23	672.05	41,872	2,84,18,269	37

Date	Close Price	Volume	Value (in INR)	Trading Days
15-Jun-23	664.15	43,643	2,90,93,662	36
16-Jun-23	667.60	38,401	2,57,50,189	35
19-Jun-23	659.00	38,256	2,54,95,091	34
20-Jun-23	657.55	44,839	2,94,97,429	33
21-Jun-23	657.70	55,733	3,70,43,426	32
22-Jun-23	671.90	56,081	3,75,15,031	31
23-Jun-23	661.80	2,23,837	15,18,89,474	30
26-Jun-23	654.25	29,100	1,91,20,440	29
27-Jun-23	645.05	62,693	4,09,26,477	28
28-Jun-23	635.90	67,619	4,35,08,346	27
30-Jun-23	648.60	42,654	2,75,84,774	26
03-Jul-23	676.40	5,65,381	38,62,51,049	25
04-Jul-23	673.95	88,197	5,96,28,255	24
05-Jul-23	680.20	53,089	3,59,03,900	23
06-Jul-23	674.15	43,991	2,97,94,849	22
07-Jul-23	677.05	54,385	3,68,71,003	21
10-Jul-23	670.50	33,591	2,25,84,293	20
11-Jul-23	666.95	38,971	2,60,51,514	19
12-Jul-23	654.85	69,713	4,59,43,114	18
13-Jul-23	647.15	49,475	3,23,06,534	17
14-Jul-23	653.40	24,953	1,62,69,032	16
17-Jul-23	666.25	1,53,643	10,34,55,438	15
18-Jul-23	651.30	73,624	4,83,27,109	14
19-Jul-23	657.90	49,865	3,25,92,901	13
20-Jul-23	656.00	25,443	1,66,97,864	12
21-Jul-23	649.20	37,149	2,42,13,240	11
24-Jul-23	657.80	45,478	3,00,06,030	10
25-Jul-23	652.45	25,297	1,66,06,942	9
26-Jul-23	647.30	48,013	3,12,12,440	8
27-Jul-23	647.65	32,694	2,11,91,196	7
28-Jul-23	640.80	37,988	2,43,74,954	6
31-Jul-23	639.50	46,033	2,94,64,458	5
01-Aug-23	641.15	52,370	3,36,49,267	4
02-Aug-23	632.70	61,546	3,88,78,509	3
03-Aug-23	634.50	38,571	2,43,28,212	2
04-Aug-23	639.40	50,133	3,20,12,547	1
Total		1,03,12,952	6,39,62,60,600	
Average Price - 90 days			620.22	

Source: NSE Website & RBSA Analysis

Date	Close Price	Volume	Value(in INR)	Trading Days
24-Jul-23	657.80	45,478	3,00,06,030	10
25-Jul-23	652.45	25,297	1,66,06,942	9
26-Jul-23	647.30	48,013	3,12,12,440	8
27-Jul-23	647.65	32,694	2,11,91,196	7
28-Jul-23	640.80	37,988	2,43,74,954	6
31-Jul-23	639.50	46,033	2,94,64,458	5
01-Aug-23	641.15	52,370	3,36,49,267	4
02-Aug-23	632.70	61,546	3,88,78,509	3
03-Aug-23	634.50	38,571	2,43,28,212	2
04-Aug-23	639.40	50,133	3,20,12,547	1
Total		4,38,123	28,17,24,554	
Average Price - 10 days			643.03	

Source: NSE Website & RBSA Analysis



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Considering Relevant Date as February 13, 2024

Date	Close Price	Volume	Value (in INR)	Trading Days
04-Oct-23	548.45	63,528	3,50,16,960	90
05-Oct-23	538.35	89,272	4,84,19,740	89
06-Oct-23	540.70	58,141	3,15,23,665	88
09-Oct-23	529.10	50,490	2,68,59,675	87
10-Oct-23	524.60	76,895	4,05,15,522	86
11-Oct-23	523.20	79,545	4,19,86,381	85
12-Oct-23	520.75	80,158	4,19,99,672	84
13-Oct-23	521.05	50,857	2,66,08,376	83
16-Oct-23	519.35	62,555	3,25,17,913	82
17-Oct-23	524.75	54,329	2,84,89,410	81
18-Oct-23	552.90	5,29,083	29,17,29,281	80
19-Oct-23	555.65	1,06,241	5,89,09,291	79
20-Oct-23	546.30	48,117	2,63,97,806	78
23-Oct-23	513.95	1,41,786	7,42,37,967	77
25-Oct-23	509.80	73,717	3,78,62,696	76
26-Oct-23	498.95	1,16,771	5,83,72,040	75
27-Oct-23	509.20	68,184	3,49,32,397	74
30-Oct-23	525.85	48,075	2,48,75,743	73
31-Oct-23	524.30	52,788	2,78,32,755	72
01-Nov-23	519.45	28,109	1,47,30,872	71
02-Nov-23	510.45	50,428	2,59,41,265	70
03-Nov-23	505.60	80,305	4,09,85,525	69
06-Nov-23	520.95	63,437	3,29,50,407	68
07-Nov-23	510.20	70,723	3,60,80,244	67
08-Nov-23	516.20	39,121	2,02,12,307	66
09-Nov-23	510.30	40,331	2,06,70,727	65
10-Nov-23	513.25	34,655	1,77,39,423	64
12-Nov-23	521.40	19,413	1,01,02,464	63
13-Nov-23	523.55	40,784	2,12,33,282	62
15-Nov-23	523.20	31,253	1,63,68,487	61
16-Nov-23	524.25	37,160	1,94,57,610	60
17-Nov-23	522.60	31,148	1,63,22,725	59
20-Nov-23	522.85	31,021	1,62,34,908	58
21-Nov-23	519.15	27,571	1,43,58,243	57
22-Nov-23	523.60	27,459	1,42,97,308	56
23-Nov-23	518.00	30,446	1,57,94,602	55
24-Nov-23	516.40	29,844	1,54,13,898	54
28-Nov-23	545.75	3,54,163	19,09,84,853	53
29-Nov-23	542.10	82,511	4,47,83,060	52
30-Nov-23	535.65	46,925	2,50,86,313	51
01-Dec-23	541.35	58,554	3,15,98,576	50
04-Dec-23	540.40	45,150	2,44,46,019	49
05-Dec-23	536.30	69,122	3,70,18,282	48
06-Dec-23	542.40	70,277	3,78,41,412	47
07-Dec-23	537.80	43,944	2,36,35,344	46
08-Dec-23	532.85	48,910	2,62,06,692	45
11-Dec-23	531.40	55,380	2,94,73,827	44
12-Dec-23	531.55	82,766	4,45,24,162	43
13-Dec-23	533.80	37,078	1,97,72,644	42
14-Dec-23	538.70	68,312	3,67,01,999	41
15-Dec-23	536.70	55,608	3,00,77,330	40
18-Dec-23	537.75	53,355	2,87,23,571	39
19-Dec-23	538.70	52,346	2,83,00,533	38
20-Dec-23	525.05	1,53,206	8,24,74,156	37

Date	Close Price	Volume	Value (in INR)	Trading Days
21-Dec-23	526.80	71,865	3,77,58,612	36
22-Dec-23	532.00	41,686	2,21,89,855	35
26-Dec-23	540.75	78,720	4,25,43,224	34
27-Dec-23	539.80	46,301	2,50,55,883	33
28-Dec-23	542.10	46,686	2,53,02,873	32
29-Dec-23	539.90	46,646	2,51,96,195	31
01-Jan-24	537.10	58,938	3,17,72,635	30
02-Jan-24	534.40	58,625	3,13,86,680	29
03-Jan-24	557.70	4,54,073	25,25,55,332	28
04-Jan-24	564.65	2,55,286	14,45,22,540	27
05-Jan-24	566.25	1,20,112	6,80,26,195	26
08-Jan-24	557.90	90,326	5,04,97,599	25
09-Jan-24	555.90	65,446	3,63,78,897	24
10-Jan-24	548.15	45,874	2,52,37,680	23
11-Jan-24	561.50	1,23,261	6,91,04,561	22
12-Jan-24	558.00	39,748	2,22,38,459	21
15-Jan-24	573.15	2,58,103	14,74,76,461	20
16-Jan-24	559.75	80,428	4,55,29,898	19
17-Jan-24	551.30	83,718	4,68,60,638	18
18-Jan-24	545.85	61,327	3,33,98,636	17
19-Jan-24	555.40	47,135	2,59,78,991	16
20-Jan-24	561.90	65,371	3,65,53,286	15
23-Jan-24	541.95	83,428	4,54,69,639	14
24-Jan-24	545.25	53,922	2,92,49,647	13
25-Jan-24	541.35	36,195	1,96,35,286	12
29-Jan-24	542.55	48,913	2,67,49,496	11
30-Jan-24	539.00	37,776	2,04,43,352	10
31-Jan-24	539.30	55,215	2,96,93,497	9
01-Feb-24	535.50	38,981	2,09,73,136	8
02-Feb-24	533.80	45,836	2,44,88,116	7
05-Feb-24	523.75	70,582	3,70,64,561	6
06-Feb-24	529.80	69,718	3,63,49,553	5
07-Feb-24	523.90	40,809	2,14,28,135	4
08-Feb-24	520.10	35,275	1,83,86,566	3
09-Feb-24	518.25	35,683	1,84,42,534	2
12-Feb-24	510.80	40,950	2,10,62,513	1
Total		68,74,305	3,71,46,31,520	
Average Price - 90 days			540.36	

Source: NSE Website & RBSA Analysis

Date	Close Price	Volume	Value (in INR)	Trading Days
30-Jan-24	539.00	37,776	2,04,43,352	10
31-Jan-24	539.30	55,215	2,96,93,497	9
01-Feb-24	535.50	38,981	2,09,73,136	8
02-Feb-24	533.80	45,836	2,44,88,116	7
05-Feb-24	523.75	70,582	3,70,64,561	6
06-Feb-24	529.80	69,718	3,63,49,553	5
07-Feb-24	523.90	40,809	2,14,28,135	4
08-Feb-24	520.10	35,275	1,83,86,566	3
09-Feb-24	518.25	35,683	1,84,42,534	2
12-Feb-24	510.80	40,950	2,10,62,513	1
Total		4,70,825	24,83,31,962	
Average Price - 10 days			527.44	

Source: NSE Website & RBSA Analysis

Relevant Date	In INR	
	Aug 7 2023	Feb 13 2024
Preferential Allotment Price 90 days	620.22	540.36
Preferential Allotment Price 10 days	643.03	527.44
Higher of the two	643.03	540.36

Source: NSE Website & RBSA Analysis



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b. Comparable Companies Method – EV/EBITDA Multiple Method

EV / EBITDA Method	In INR Mn.	
Particulars	Amount	Remark
Trailing Twelve Months EBITDA	1,238.35	Note 1
EV/EBITDA multiple	33.75	Note 2
Enterprise Value	41,794.35	
Add: Cash and Bank balances (Incl. Interest Accrued)	666.74	
Less: Lease Liability	(277.89)	
Less: Debt	(3,768.45)	
Less: Non Controlling Interest	(1,197.60)	
Add/(Less): Other Adjustments (net)	148.52	*
Equity Value	37,365.66	
Number of shares (In Mn.)	68.27	
Value per share (In INR)	547.36	

* Comprises primarily Net Income Tax Assets, Unclaimed Dividend

Note 1: Calculation of Trailing Twelve Months EBITDA - HLE In INR Mn.

Particulars for the period ended	Dec 31 2023	Mar 31 2023	Dec 31 2023
No. of Months	9	3	12
Profit Before Tax	428.20	325.60	753.79
Add: Finance Cost	202.42	89.53	291.96
Add: Depreciation	193.62	57.91	251.52
Less: Other Non-Operating (Income)/ Expenses (Net)	(40.96)	(17.96)	(58.92)
EBITDA	783.27	455.08	1,238.35

Note 2: Comparable Companies Multiple In INR Mn.

Particulars	Enterprise Value*	EBITDA#	EV/ EBITDA
HLE Glascoat Limited	41,948.7	1,238.4	33.87 x
Grindwell Norton Limited	2,38,192.8	5,237.3	45.48 x
Cummins India Limited	4,83,639.7	15,612.6	30.98 x
Elgi Equipments Limited	1,69,019.5	4,881.5	34.62 x
Praj Industries Limited	96,743.3	3,653.9	26.48 x
KSB Limited	1,04,418.1	2,895.0	36.07 x
Lakshmi Machine Works Limited	1,33,630.5	4,809.5	27.78 x
Median (Rounded off)			33.75 x

Source: Capital IQ & Companies Financials

* EV is calculated based on 6 months volume weighted average market cap for period ended Feb 12, 2024

EV = Equity Value as calculated above + Net Debt + Preferred Stock + Minority Interest

EBITDA is Trailing Twelve Months as of the latest available financials date



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c. Adjusted Net Assets Value Method - HLE

Consolidated Balance Sheet as of December 31, 2023

Particulars	In INR Mn.
	Amount
Equity share capital	136.53
Other equity	3,333.76
Net worth	3,470.29
Number of shares (In Mn.)	68.27
Value per share (In INR)	50.84



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Annexure 2: Valuation Working of KEPL

Balance Sheet as of December 31, 2023		In INR Mn.	
Particulars	Book Value	Fair Value	Remark
Assets			
Investment in KPEPL	66.81	768.87	Refer Note 1
Cash	0.05	0.05	
Total Assets	66.86	768.92	
Less: Total Liabilities	(0.05)	(0.05)	
Networth	66.81	768.87	
Number of shares (In Mn.)		6.68	
Value per share (In INR)		115.08	

Note 1: Valuation of KPEPL

Balance Sheet as of December 31, 2023		In INR Mn.	
Particulars	Book Value	Fair Value	Remark
Assets			
Investment in KEIPL	0.03	(5.99)	Refer Note 2
Investment in KEI	66.81	774.90	Refer Note 3
Cash	0.02	0.02	
Total Assets	66.86	768.92	
Less: Total Liabilities	(0.05)	(0.05)	
Adjusted Networth	66.81	768.87	

Note 2: Valuation of KEIPL

Balance Sheet As of December 31, 2023		In INR Mn.	
Particulars	Book Value	Fair Value	
Assets			
Cash	0.64	0.64	
Total Assets	0.64	0.64	
Less: Total Liabilities	(18.04)	(18.04)	
Networth of KEIPL	(17.40)	(17.40)	
Stake held by KPEPL	34.44%	34.44%	
Value of stake held by KPEPL	(5.99)	(5.99)	

Note 3: Valuation Summary of KEI

In INR Mn.					
Approaches	Method / Multiples	Equity Value	Weights *	Weighted Average Firm Value	Remark
Income Approach	DCF	2,379.07	0%	-	Note 3.a
Market Approach - CCM	EV/EBITDA	2,343.14	0%	-	Note 3.b
Market Approach - PORI	PORI	2,250.00	100%	2,250.00	Note 3.c
Value of the KEI				2,250.00	
Stake held by KPEPL				34.44%	
Value of stake held by KPEPL				774.90	

* The implied equity value of KEI based on Phase 1 of HLE Transaction (for details refer note 3.c below) is marginally lower than the value of KEI based on Income Approach (DCF method) and Market Approach (CCM- EV/EBITDA Multiple). HLE Transaction was carried out on an arm's length basis between unrelated parties. Considering inter-alia, the aforementioned and interest of minority shareholders of HLE, 100% weightage has been applied to PORI method (based on HLE Transaction)

KEI's business has been succeeded into Kinam Engineering Industries Private Limited ("KEIPL") effective January 1, 2024. and thus represents the value of KEIPL.



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3.a Income Approach: DCF (KEI)

Free Cash Flow to Firm (FCFF):

In INR Mn.

Particulars for the year/ period ending Period in Months	Mar-24 3	Mar-25 12	Mar-26 12	Mar-27 12	Mar-28 12	TY
Revenues	612.17	1,597.30	1,677.16	1,761.02	1,822.75	1,886.55
EBIT	166.00	369.48	378.73	396.89	409.84	424.18
Less Tax on EBIT	(41.78)	(92.99)	(95.32)	(99.89)	(103.15)	(106.76)
EBIT after Tax On EBIT	124.22	276.49	283.41	297.00	306.69	317.42
Add: Depreciation	1.96	13.77	15.23	16.50	17.60	18.22
Less: Capital Expenditure	(11.55)	(25.00)	(25.00)	(25.00)	(25.00)	(18.22)
Add/Less: Changes in Working Capital	(8.32)	(28.57)	(26.43)	(28.44)	(23.31)	(17.37)
Free Cash flows to firm ("FCFF")	106.31	236.70	247.21	260.05	275.98	300.06
Discount Rate @ 14.50%	0.99*	0.92	0.80	0.70	0.61	
Present Value of FCFF	105.36	217.30	198.21	182.10	168.75	

* Discounting from February 13, 2024 till March 31 2024

Particulars	in INR Mn
PV of FCFF for Explicit Period	871.73
Add: Present value of Perpetuity	1,667.92 Refer Note a
Enterprise Value	2,539.65
Add: Cash & Bank Balance	34.82
Less: Debt	(180.61)
Less: Tax Liabilities	(14.80)
Equity Value	2,379.07

Note a: Calculation of Perpetuity Value

Particulars		in INR Mn
FCFF for Terminal year	a	300.06
WACC	b	14.5%
Terminal Growth Rate	c	3.5%
Capitalisation Rate	d = b - c	11.0%
Gross Value of Perpetuity	e = a/d	2,727.78
PV Factor for FY28	f	0.61
Present value of Perpetuity	g = e * f	1,667.92



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3.b Market Approach: CCM (KEI)

EV / EBITDA Method - KEI

Particulars	In INR Mn	Remark
EBITDA Adopted	333.83	a
EV/ EBITDA Multiple (Rounded off)	7.50	b
Enterprise Value	2,503.73	
Add: Cash & Bank Balance	34.82	
Less: Debt	(180.61)	
Less: Tax Liabilities	(14.80)	
Equity Value (In INR Mn.)	2,343.14	

a. Based on average of FY23 and FY24 normalised EBITDA

b. Estimated considering multiples of comparable companies namely, Veljan Denison Limited, Rexnord Electronics and Controls Limited, Isgec Heavy Engineering Limited, Mazda Limited, The Anup Engineering Limited and Kabra Extrusiontechnik Limited and after appropriate discount adjustment for KEI specific factors (incl. size, illiquidity etc.)

3.c Market Approach: PORI (KEI)

On August 7, 2023, HLE announced that it would acquire 70% equity of KEI in two phases (together referred to as the "HLE Transaction"). In the first phase, HLE acquired a 35.56% profit share and ownership interest in KEI in an all-cash deal. In second phase, balance 34.44% stake is to be acquired through the Scheme whereby KEPL would amalgamate into HLE.

Phase 1 of the acquisition was completed on September 26, 2023, for a consideration of ~ INR 800 Mn. The implied value of KEI based on the HLE Transaction was **INR 2,250 Mn for 100% of equity stake** (INR 800 Mn/35.56% equity stake).

