Business Valuation Analysis

……………………. Pvt. Ltd.

Client Logo

REPORT FOR ……

…………, 2011

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Ref. No: CPC/MB/…/2011-12
SEBI Reg. No: INM000011435

The Board of Directors

...

For the kind attention of Mr. ………., Director

Dear Sir,

Sub: Valuation Analysis of Business & Equity Shares of ... Private Limited

We refer to our letter of engagement dated 12th May, 2011 for carrying out the Valuation of Business & Equity Shares of ... Private Limited (here-in-after referred as "Company"). In accordance with the terms of the engagement, we are enclosing our report along with this letter. In attached report, we have summarized our Valuation Analysis of the Business & Equity shares of the Company as at ……….. 2011 together with the description of methodologies used and limitation on our Scope of Work. This Valuation Analysis is confidential and has been prepared exclusively for the Management of ... with an attempt to assist them in making their informed Investment decision in the Company. It should not be used, reproduced or circulated to any other person or for any other purpose, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited. Such consent will only be given after looking for the context & purpose at that time. We believe the above meets your requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professional Capital Private Limited

………….

[Authorized Signatory]

Contents

EXECUTIVE SUMMARY & VALUE RECOMMENDATION

Background

... Pvt. Ltd. is a company engaged in manufacturing of pharmaceutical ... and other pharmaceutical packing products .The Company was founded in ……. by ……… who have rich & vast experiences in this particular domain. The Company adapts as ISO 9001-2000 quality management system and has an installed capacity to produce …………….Million …………… per day adapting ISO 9001-2000 system of quality management. It supplies to major pharmaceutical companies in India and also exports all over the world.

We understand that ... is interested in entering into a Joint Venture with the Company and in turn has engaged Corporate Professionals Capital Private Limited, SEBI Registered (Category – I), Merchant Banker to determine the broad range of value of its business & equity shares of the Company for them to make informed Investment decision.

This Valuation Analysis and result relies upon the information substantially contained herein and which inter alia has been provided to us by the Company through .... We have asked for some information in the Business Model in absence of which we have made certain adjustments to arrive at the Value recommendation.

We have tried to arrive at the value recommendation of the Business & Equity Shares of the Company by analyzing its existing and future business operations.

It is pertinent to mention that the valuation of a business is not an exact science and ultimately depends upon a number of factors like the past financials, expected financial results, industry scenario, market recognition etc. Though there are multiple Valuation methodologies, however based upon the facts of the instant case, we have carried out this Valuation Analysis of '... Pvt. Ltd' based on Discounted Free Cash Flow Method, Comparable Company Market Multiple Method and Comparable Transactions (M & A) Multiples (CTM) Method.

Valuation Methodologies Adopted

The following is the summary with respect to use of various methods considered for this valuation by us. All other popular methods of valuation were considered inappropriate or suboptimal for current analysis.

Discounted Free Cash Flow (DFCF) method: We have considered DFCF method in our valuation analysis on the projected financial statements provided to us.

Comparables Companies Multiples (CCM) Method: CCM method has been applied to the existing capacity and financials of the Plant at ………to arrive at its Value.

Comparable Transactions (M & A) Multiples (CTM) method: We have used the Comparable transactions (M & A) Multiples (CTM) method on the basis of comparable publicly reported transactions in the similar space in India in recent times where credible and sufficient information about the transaction is available in public domain.

Price of Recent Investment (PORI) method: We understand that there has been no equity investment by any independent investor/third party in the Company in the past 1 year. Hence we have not considered the PORI method for our valuation analysis.

Net Asset Value (NAV) method: Generally the asset values reflected in books of accounts do not usually include intangible assets enjoyed by the business and is not perceived as a true indicator of the future distributable cash/profit generating ability of the businesses which is widely regarded as the true determinant of value of assets for most of the industries. In the instant case, we have taken NAV as reference value only and have not given it any weight in the value recommendation.

The Equity Value of the Company is summarized below-

S. No.	Particulars	Valuation Methodology	Value (₹ Millions)	Detailed Workings
1.	**Based on Existing Capacity of Plant at ……….**	**CCM**	**…**	Page ..
2.	**Based on Projected Capacity of Plant at ……**	**DFCF**	**…**	Page ..
3.	**Based on Comparable Transactions (M & A) Multiples (CTM) – *considering the future plans of Companies under Expansion***	**CTM**	**…**	Page ..

Accordingly based on our analysis of the Company and subject to our caveats as further detailed in this report, the value of 100% stake of the Company considering its Existing Capacity of Plant at ……… is estimated at ₹ ……….. Millions and after taking effect of the Future Business Plans, the consolidate Equity Value of Company is estimated at ₹ ……… Millions.

Please note that our Value Recommendation should not be construed as an Investment Advice; specifically we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

PURPOSE OF VALUTION

ABOUT THE TRANSACTION

Based on the discussions held with the Management and Key Managerial Personnel (KMP's), we understand that the ... is interested in entering into a Joint Venture with the Company and wants to ascertain its Independent Business Valuation for making appropriate Investment decision. In this respect, we as a SEBI Registered (Category I) Merchant Banker have been appointed by Company to determine the fair value of equity shares of the Company.

SCOPE OF SERVICES

This valuation report has been prepared by **M/s Corporate Professionals Capital Private Limited, SEBI Registered (Category – I), Merchant Banker** to determine the fair value of equity shares of Company.

SOURCES OF INFORMATION RELIED UPON

- Review and analysis of corporate documents including but not limited to:
  a. Discussions with KMP's of ...;
  b. Financial statements from FY 2008-09 till FY 2010-11;
  c. Business Projections from FY 2011-12 till FY 2015-16;
  d. Company information obtained from management and company website;
  e. Capitaline & VC Edge subscribed Database and other information in public domain

LIMITATION OF REPORT

This valuation report has been prepared on the basis of the historical and projected financial statements and other information provided by the management of the Company through .... Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided to us.

The Valuation exercise was carried out under the following limitations:

- The Valuation analysis of equity shares is based upon the future projections of Company provided to us and values appearing in the Provisional financial statement of the Company for the Financial Year 2010- 2011 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.

- Our Valuation & Analysis and the conclusions drawn there are further based on number of factors which are largely dependent upon the prevailing business and Industry conditions as on the valuation date and explanations provided by the Management. We presume that the Board of the Company has taken reasonable care to ensure that all relevant information which could have an impact over the Valuation has been duly disclosed & made available to us.

- We 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 or reviewed/validated the financial data provided by the management.

- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

- We have asked for some information in the Business Model in absence of which we have made certain adjustments to arrive at the Value recommendation.

SWOT ANALYSIS

Strength	**Weakness**
• Company has strategic technical collaboration with M/S ..... which help in providing a cutting edge technology. • Strong marketing and distribution network both domestic and abroad. • Captures…….% Indian market share of the ……………..Industry. • Serves both the domestic and foreign market • Pharma sector is expected to reach $55 Billion by 2020 from present $11 Billion which is a key growth driver. • Company has a robotic trimming system which makes it highly efficient. • Company has expertise in molding ……………in ……… cavities against industry average of 200 to 400 cavities.	• Low Investment in Innovation and R&D • Company has no registered patents, Trademark or other identifiable Intangibles • Company has a limited installed capacity which can't be increased beyond the limit, unless further capex is infused.
Opportunities	**Threats**
• Per head ……………. annual consumption in India is very low. The ratio in comparison to the world is 2:15 • Shift in Product mix to …………………... would enhance EBITDA to more than 22% and NP to more than 11% from FY 2011-12 onwards	• Company has a limited installed capacity which is also utilized at less than 70%. • Declining NP (less than4%), EBITDA (less than 7%) Y-O-Y from FY 2007-08 till FY 2010-11 • Projections heavily dependent on Capex & infusion of funds

INDUSTRY ASSESSMENT

PHARMA INDUSTRY

India is one of the fastest-growing pharmaceutical markets in the world, and its market size has nearly doubled since 2005. The Indian pharmaceutical market is expected to reach US$ 20 billion by 2015, growing at a compound annual growth rate (CAGR) of 11.7 per cent during 2005–2015 and establish its presence among the world's leading 10 markets. India is also the third-largest market in the world in terms of volume and fourteenth in terms of value

India accounts for 8 per cent of global pharmaceutical production. Indian firms produce about 60,000 generic brands across 60 therapeutic categories. In addition, Indian firms manufacture approximately 500 different active pharmaceutical ingredients (APIs). Manufacturing costs in India are approximately 35 to 40 per cent of those in the US due to low installation and manufacturing costs Moreover, according to an industry body study, the increasing population of the higher-income group in the country, will open a potential US$ 8 billion market for multinational companies selling costly drugs by 2015. Further, IMS Health India, which tracks drug sales in the country through a network of nationwide drug distributors, estimates the healthcare market in India to reach US$ 31.59 billion by 2020.

GROWTH STORY OF PHARMA SECTOR

According to IMS Health, for the full year 2010, the Indian Retail Pharmaceutical Market was valued at US$ 10.2 billion, growing at 16.5 per cent over 2009. The pharmaceutical market has shown a strong double digit growth for the second successive year. As per the estimates of the Ministry of Commerce, Government of India, a whopping amount of US$ 6.31 billion will be invested in the Indian pharmaceutical industry by 2015. Also, the Indian pharmaceutical off-shoring industry is predicted to be a US$ 2.5 billion opportunity by 2012, due to the low cost of research & development (R&D) in India. According to the All India Organization of Chemists and Druggists (AIOCD), the pharmaceuticals industry in India will grow by over 100 per cent over the next two years.

GOVERNMENT INITIATIVES

100 per cent foreign direct investment (FDI) is allowed under the automatic route in the drugs and pharmaceuticals sector including those involving use of recombinant technology.

The Government had also issued an expression of interest (EOI) for technical and financial bids for the selection of a global level consultant (GLC) for the preparation of a detailed project report (DPR) in order to develop India as a drug discovery and pharma innovation hub by 2020.

The Department of Pharmaceuticals has prepared a "Pharma Vision 2020" for making India one of the leading destinations for end-to-end drug discovery and innovation and for that purpose provides requisite support by way of world class infrastructure, internationally competitive scientific manpower for pharma research and development (R&D), venture fund for research in the public and private domain and such other measures.

The Drugs and Pharmaceuticals Manufacturers Association has received an in-principle approval for its proposed special economic zone (SEZ) for pharmaceuticals, bulk drugs, active pharmaceutical ingredients (APIs) and formulations to be located at Nakkapallimandal in Visakhapatnam district, according to a government press release.

INVESTMENT ATTRACTED BY PHARMA SECTOR

The healthcare sector has attracted growing investor support in 2010 with nearly a 10% of the total private equity funding going to this sector. In the third quarter the calendar year 2010, a total of US$ 2,047 million was invested across 88 deals, of which 9 per cent were healthcare deals, according to research firm Venture Intelligence.

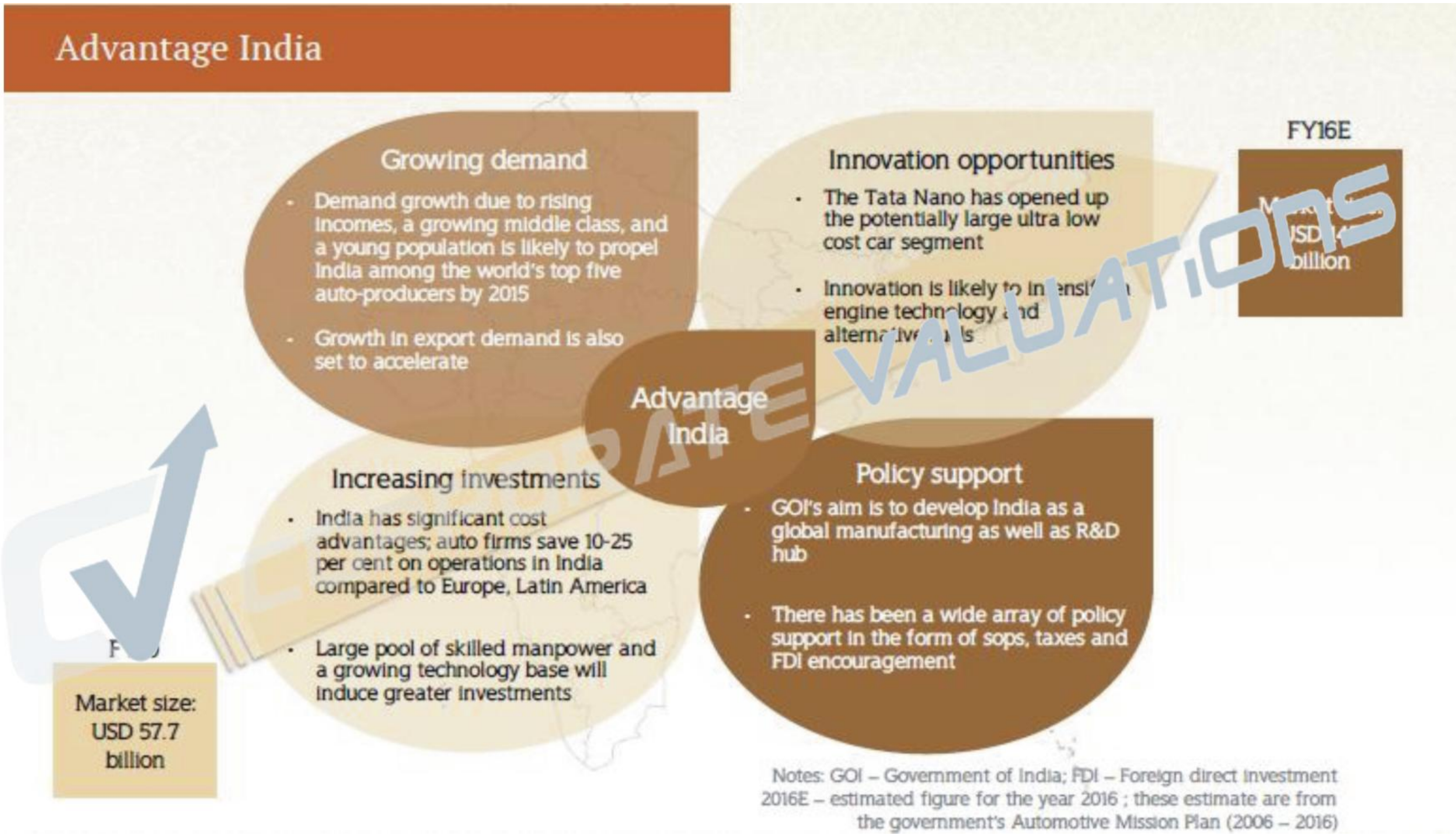
The drugs and pharmaceuticals sector has attracted FDI worth US$ 1,875.48 million between April 2000 and January 2011, according to data published by Department of Industrial Policy and Promotion (DIPP).

Some of the major investment developments in the sector include:

- Chandigarh-based Ind-Swift Laboratories has received approval from the Japanese Government's pharmaceutical and medical devices agency (PMDA) for the supply of Pioglitazone and Risedronate Sodium from its manufacturing facilities at Derabassi in Punjab.
- Gurgaon will now be home to the country's first state-of-the-art laboratory that will exclusively work to design an effective vaccine against the deadly human immunodeficiency virus (HIV).The Translational Health Sciences and Technology Institute (THSTI), an autonomous institute under the department of biotechnology (DBT), and the International AIDS Vaccine Initiative (IAVI), have signed an agreement to jointly establish, operate and fund this HIV vaccine design programme
- Fortis Healthcare, India's second-largest hospital chain, announced its first venture in Singapore, with a US$33 million acquisition of an under-construction specialised cancer hospital
- Panacea Biotec has signed a non-exclusive marketing agreement with Uruguay's Laboratorios Clausen SA, allowing the Latin American firm to market the Indian company's organ transplant drug, Pangraf, in Europe.

MARKET OVERVIEW

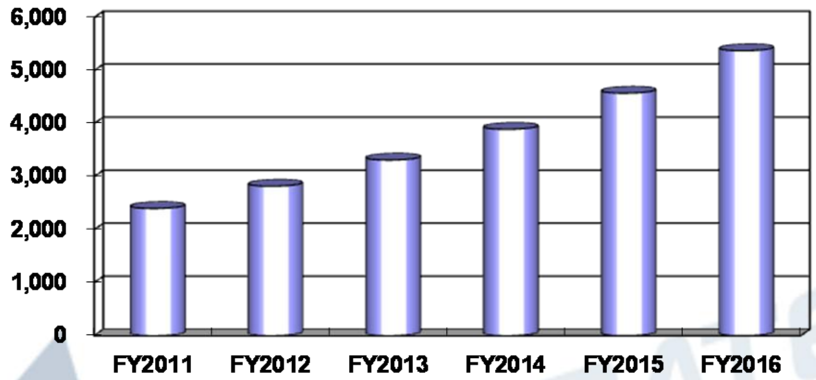
Source IBEF.org



……..... MARKET SIZE

- Total Indian Market size of ..... is currently ………..billion pcs/annum.
- The growth rate of the market is approx. 15-20% every year, after 5 years, market size will be doubled.

(Millions Pcs.)



Source: Company

CORRELATION BETWEEN PHARMA SECTOR AND ………………..INDUSTRY

The ..... business is dependent on the pharma business and there exist a strong correlation between the Pharma Business and the ..... business. The Indian diagnostic services are projected to grow at a CAGR of more than 20 per cent during 2010-2012 which will be the key growth driver for the ..... business as well.

COMPANY ASSESSMENT

... PVT. LTD

BASIC INFORMATION:

... Pvt. Ltd. is a company engaged in manufacturing of pharmaceutical ... and other pharmaceutical engaged in manufacturing of pharmaceutical ... and other pharmaceutical packing products The Company was founded in ……… by …………having rich & vast experiences in the field. The Company adapts as ISO 9001-2000 quality management system and has an installed capacity to produce {*} Million ... per day adapting ISO 9001-2000 system of quality management. It supplies to major pharmaceutical companies in India and also exports all over the world.

The Company has its manufacturing units located at ………………., India. The Company manufactures .... At Present ……………………market is about …………million pcs per day and ..... with {*} million ..... per day is commanding {*}% market share in ..... segment

TECHNICAL COLLABORATION

The Company has entered into strategic technical collaboration with M/S …………….. to avail cutting edge technology in the field of pharmaceutical packaging.

…………….., started in 1906 with the production of ..... water pillows as a private enterprise founded by ……., the company was reorganized as a corporate enterprise. From …. onward, the production and development have been concentrated on pharmaceutical and medical devices such as …………………….. etc. The factory equipments and quality control systems have been modified to meet GMP standards and highest priorities are given to research and development of materials meeting pharmaceutical requirements and making use of latest and advanced production technology and adhering to strict quality control.

INSTALLED CAPACITY

(In Pcs)

Particulars	31/03/2010	31/03/2009	31/03/2008
.....			
.....			
.....			
.....			

PRODUCTION CAPACITY

Particulars	31/03/2010	31/03/2009	31/03/2008
.....			
.....			
.....			
.....			
.....			

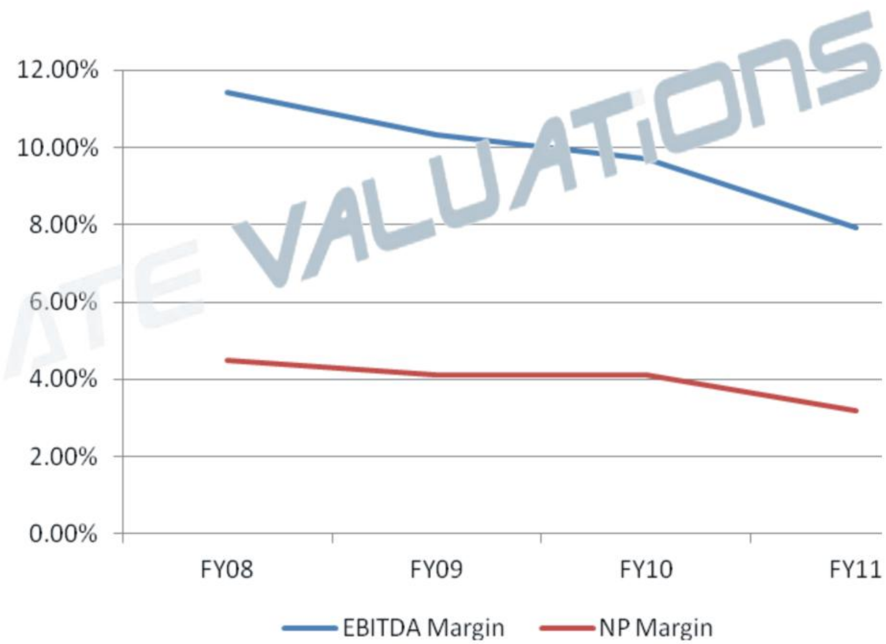
PRODUCTION CAPACITY (%)

Particulars	31/03/2010	31/03/2009	31/03/2008
.....			
.....			
.....			
.....			

HISTORICAL TRENDS

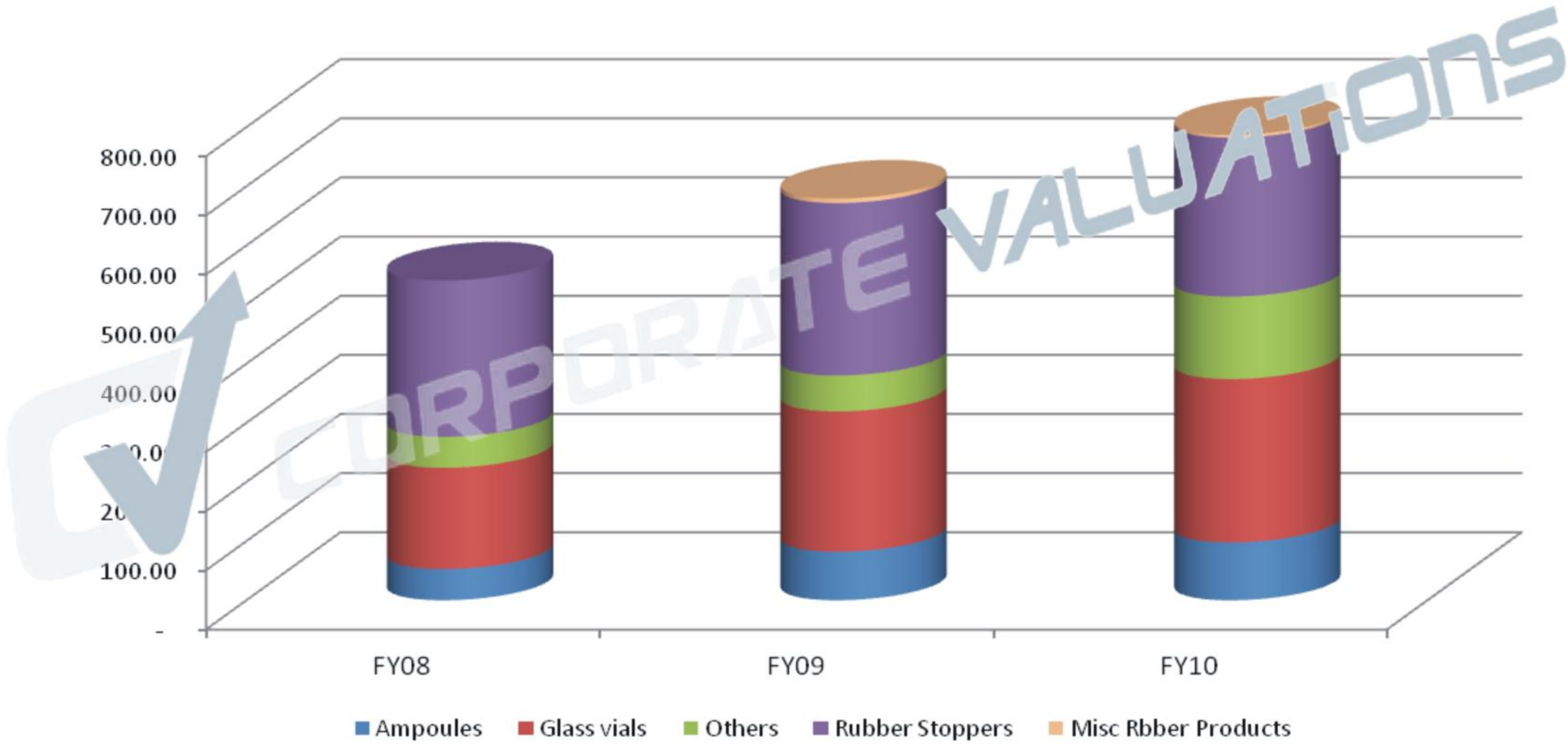
SALES, EBITDA & PROFIT

EBITDA AND NET PROFIT MARGIN



(Figures in Million)

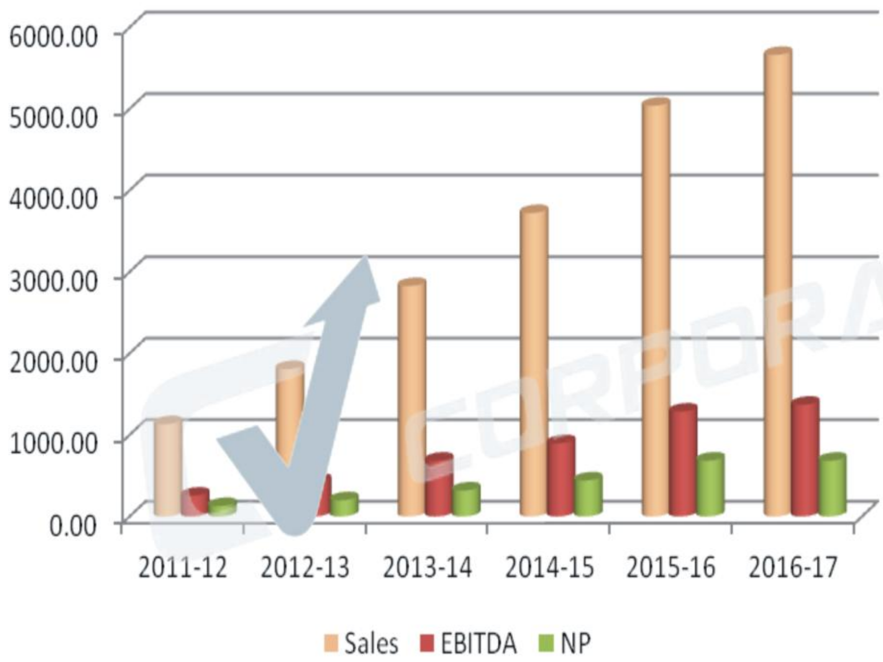
HISTORICAL SALES BREAK-UP
QUANTITY WISE



(Figures in Million pieces)

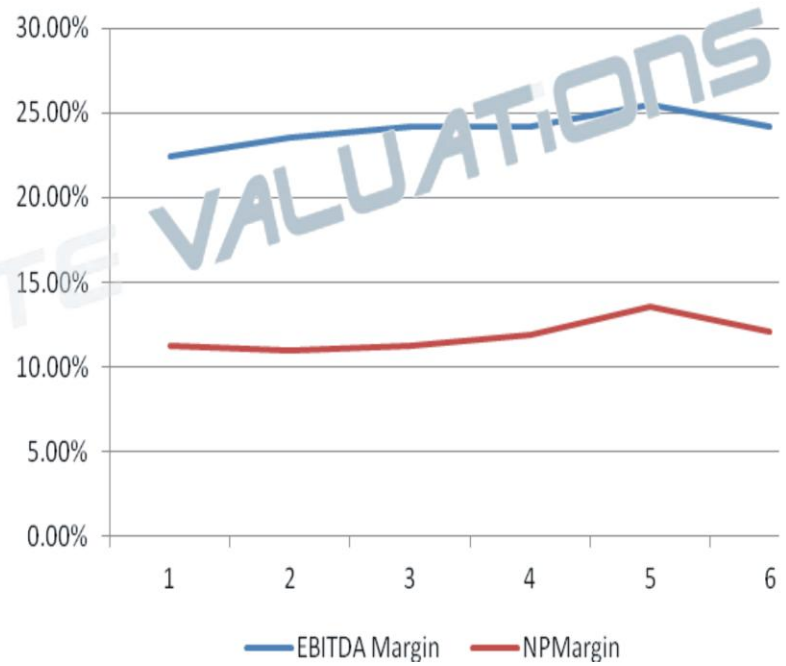
FUTURE TRENDS

PROJECTED SALES, EBITDA & PROFIT

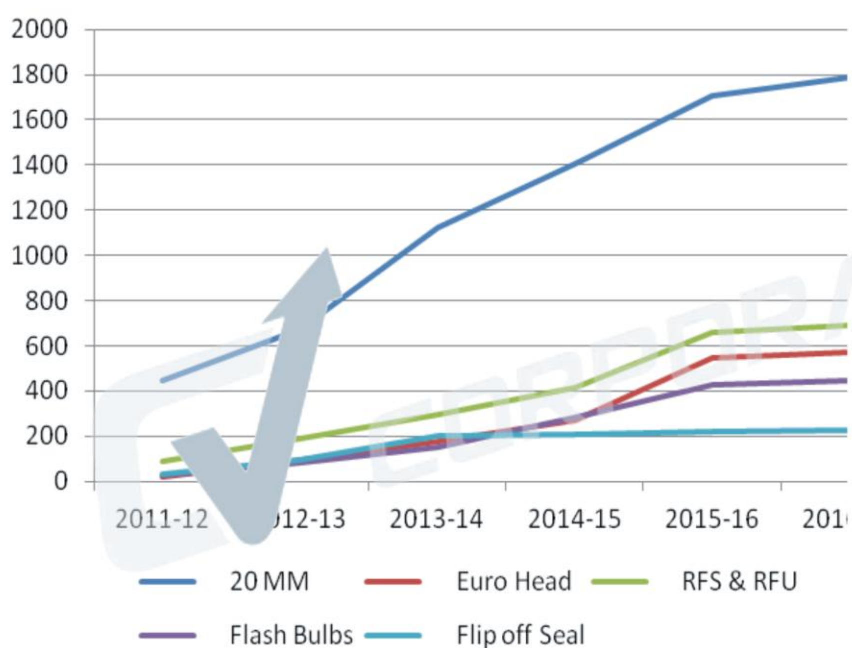


(Figures in Million)

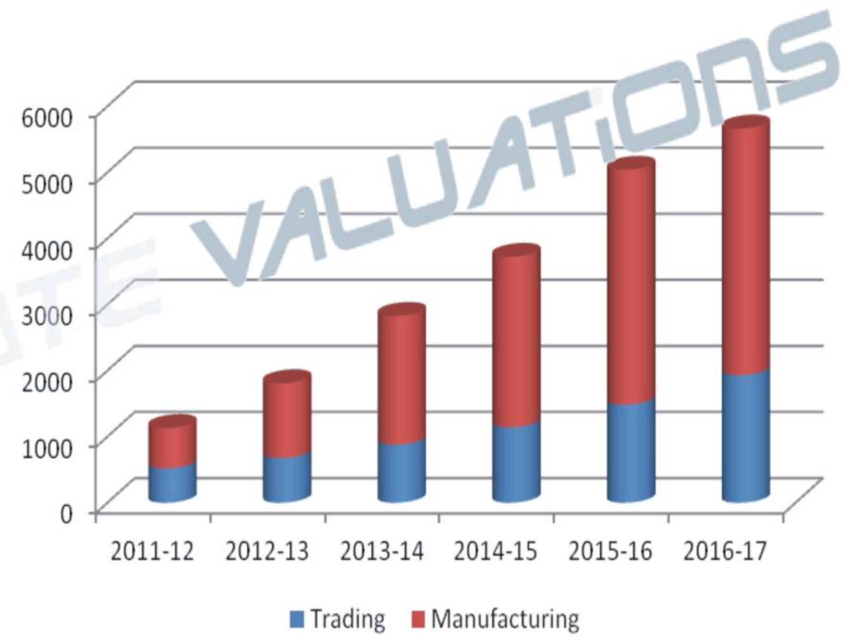
PROJECTED EBITDA AND NET PROFIT MARGIN TREND



Projected Manufacturing Sales Break-up Product Wise



Projected Manufacturing and Trading Breakup



(Figures in Million)

Man Power Requirement for ...													
Department	**Manpower Rate per Day**	**Capacity**		**Capacity**		**Capacity**		**Capacity**		**Capacity**		**Capacity**	
Name		**.. Million**		**..Million**		**.. Million**		**.. Million**		**..Million**		**..Million**	
Year		**2011-12**		**2012-13**		**2013-14**		**2014-15**		**2015-16**		**2016-17**	
Batch Making													
Compounding													
Moulding													
Trimming													
Washing													
Sorting													
Packing													
QA.													
QC.													
Dispatch													
Sales													
Marketing													
Total													

CAPITAL STRUCTURE

The Capital Structure of the Company as on 31st March, 2011 is as under: **Amount in (₹ Millions)**

Particulars	Audited 31.03.2011
AUTHORIZED …………… Equity Shares of ₹ 10/- each	
ISSUED SUBSCRIBED & PAID UP ………….. Equity Shares of ₹ 10/- each fully paid up …………….. Bonus Equity Shares of ₹ 10/- each fully issued	

HISTORICAL INCOME STATEMENT

Amount in (₹ Millions)

For the Period Ended	Provisional		Audited					
	31.03.2011	%	31.03.2010	%	31.03.2009	%	31.03.2008	%
Sales								
Manufactured Products								
Trading								
Total Sales								
Misc Income								
Increase/(Decrease) in Sock								
Expenditure								
Raw Material Consumed (as % to Manufacturing)								
Purchase-Traded Goods (as % to Trading)								
Manufacturing & Trading Expenses								
Administrative & Marketing Expenses								
EBITDA								
Financial Charges								
Depreciation								
Profit before tax								
Profit after tax								

HISTORICAL BALANCE SHEET:

Amount in (₹ Millions)

Particulars	Provisional	Audited		
	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Sources of Funds				
Share Capital				
Reserves and Surplus				
Secured Loan				
Unsecured Loan				
Deferred tax Liability				
Total				
Application of Funds				
Net Fixed Assets (Including Capital Work in Progress)				
Investment				
Net Current Assets				
Total				
NET WORTH				

VALUATION METHODOLOGIES, APPROACH AND ANALYSIS

METHODOLIGIES CONSIDERED FOR VALUATION ANALYSIS

The following methodologies are normally used for valuation of companies:

-Discounted Cash Flow Method

-Comparable Company Market (CCM) Multiple

-Comparable transactions (M & A) Multiples (CTM) method

BASIS OF DISCOUNTED FREE CASH FLOW METHOD (DFCF):

The DFCF to equity method expresses the present value of the business attributable to equity shareholders as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the equity is arrived at by estimating the Free Cash Flows (FCF) to equity and discounting the same at the cost of equity (Ke). The DFCF method using the FCF, values the benefits that accrue to the equity shareholders of the Company. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the Ke. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms. The approach seeks to measure the intrinsic ability of the business to generate cash attributable to its equity shareholders.

In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. Valuing equity using the free cash flow to stockholders requires estimating only free cash flow to equity holders, after debt holders have been paid off. As this methodology is focused at Equity Shareholders so the interest and finance charges are also deducted.

We understand that the Company is presently working with the existing plant capacity at ……….and is installing a new plant capacity at …………which will be generating additional cash flow in the future. We have been provided the projected financial statement for the future business of the company, accordingly, we have considered DFCF methodology as our valuation methodology for calculating the value of the new plant of the company based on its future cash flows.

The following box provides generalized steps for using discounted free cash flows to estimate the value of the equity shares of a Company

STEPS FOR FINDING FCF TO VALUE EQUITY SHARES				
		Profit before tax		Step 1:Arrive at Profit Before Tax
	-	Taxes		Step 2: Less tax.
	=	Profit after tax		
	+	Non-cash costs		Step 3: Add back non-cash costs (already subtracted in step 1).
	-	Capital expenditures		Step 4: Subtract capital expenditures.
	-	Increase in NCWC		Step 5: Subtract Increases in non cash working capital.
	±	Changes in Debts		Step 6: Take into account the effect of changes in Debts.
	+	Terminal Value		Step 7: Add the terminal value accruing to equity holders in the final year.
	=	Free Cash Flow		
	=	DFCF		Step 8: Discount the FCF for each year at the cost of equity.

For the purpose of valuation of equity shares in this transaction through DFCF methodology, we have relied upon the projections provided by the management for the twelve financial years ending year 2012 to 2016 duly supplemented by its Terminal Value based on the Gordon Model along with the discussions held with the management and extrapolating the free cash flows at an annual growth rate of 4 percent to perpetuity.

To arrive at Cost of Equity (Ke), Capital Asset Pricing Model (CAPM) has been used by us that determines Ke = Rf+ ß(Rm-Rf)
Risk Free Return (Rf) has been estimated based on 10 year Indian government bond yield, Equity Risk Premium (Rm-Rf) is taken as per the risk premium estimates for Indian Markets and Beta (ß) is based on the risk sensitivity of the Company. Based on the above we have arrived at a discount rate of 19.5%. An additional discount factor of 1.5% is added to this as the Company has projected its Turnover on 100% capacity.

COMPARABLE COMPANY MARKET (CCM) MULTIPLE

Comparable Company Market multiple uses the valuation ratios of a publicly traded company and applies that ratio to the company being valued (after applying appropriate discount). The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g. Turnover, EBITDA, EBIT, EPS or Book Value). A key benefit of CCM analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because markets are considered somewhat efficient. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices. Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way similar enterprises are valued by public markets.

Though we couldn't find any exact competitor of the Company in ... business listed at Stock Exchange, for the Valuation Analysis of the Existing business of Company, we have used this methodology, by comparing the Market Cap to Sales vis-a-

vis certain companies listed on NSE/BSE belonging to the Pharma- Industry Formulations based on the co-relation factor. We have selected the Companies on the basis of the following parameters:-

1. **Trade Volume: -** Only those companies has been considered, whose Stock are frequently traded at NSE/BSE and we have strictly ignored the low volume Companies.
2. **Turnover: -** We have considered only those companies, whose turnover is close to the Company's turnover.

After applying the above validations to the broad list of companies, we could find eights companies that can serve as a comparable company with ... Private Limited

Amount in (₹ Millions)

PARTICULARS	SALES	MARKETCAP 23/05/2011	MCAP/SALES
Bafna Pharma.	744.00	768.20	1.03
Caplin Point Lab	580.50	338.50	0.58
Coral Labs.	339.90	296.50	0.87
Hester Bios	375.30	623.10	1.66
Jenburkt Pharma	514.10	434.50	0.85
Lincoln Pharma.	1,267.30	546.50	0.43
Syncom Formul.	806.30	617.50	0.77
Syncom Health	668.50	1,004.00	1.50
Average			**0.96**

Source: capital line…./2011

Comparable transactions (M & A) Multiples (CTM) method

This Methodology helps in arriving the Value of the company on the basis of similar deals matured in the market. This provides an indicative value as it help in reaching the value which the market is providing to the similar companies.

We have applied this methodology in our case and tried to find the deals already happened in the Pharma sector and resembling our company Turnover during the last one year. As no exact deal or recent transaction could be found in the ……….. business, so in view of the strong correlation between the Pharma Industry and the …………… business so we have applied the multiples of the similar nature recent transaction in the pharma Industry.

We have used Sales Multiples instead of EBITDA Multiple and Net Profit Multiple as our company has a declining EBITDA Margin trend in the past. However EBITDA/ Net Margins will improve in the future as our company is a major player in ….. market commanding substantial share and is in expansion phase.

RECENT DEALS IN THE PHARMA SECTOR

Target Company	Percentage Acquired	Stake Value ($ Mn)	Transaction Type	Buyers	Sales Multiple	Date
Fulford India Ltd.	17.95%	9.00	M&A	Dashtag	1.18	22/10/2011
Themis Medicare Ltd.	1.81%	0.900	M&A	Gedeon Richter Ltd	1.06	13/10/2011
Shilpa Medicare Ltd.	9%	15.00	Private Equity	Baring India	3.32	16/08/2010
Arch Pharmalabs Ltd.	5%	14.28	M&A	Mitsui & Co. Ltd	1.27	23/09/2010
RFCL Ltd.	90%	112.44	M&A	Avantor Performance	2.34	03/11/2010
Average					**1.83**	

Source: - Vccedge.com

CAVEATS

- This Valuation Report has been issued on the specific request of '...' to ascertain the Independent Business Valuation of the Company. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without prior written consent of M/s Corporate Professionals Capital Private Limited.
- We have summarized the Valuation Analysis of the Business Model & Equity Shares of the Company based on the information as was provided to us by the management of Company through '...' and other publically available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion.
- We have no present or planned future interest in '...'/or Company and the fee for this Valuation analysis is not contingent upon the values reported herein. 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.

ANNEXURE I a: VALUATION COMPUTATIONS

VALUATION AS PER DISCOUNTED FREE CASH FLOW METHODOLOGY (DFCF)						
YEAR	Ending March				Amount in (₹ Millions)	
	2012	2013	2014	2015	2016	Perpetuity
PARTICULARS	Projected					
Turnover						
% Growth						
PBT						
Less : Direct Taxes Paid						
PAT						
Add : Depreciation						
Less :Capital Expenditure						
Less : Change In Non Cash Working Capital						
Add : Increase/(Decrease) in Debts						
Free Cash Flow (Rs.)						
Discounting Factor						
Present value of Cash flow						
Cumulative Present value of Cash flow						
Present value of Cash Flows						
Present value of Continuing Flows						
Value of the Company						

VALUATION AS PER COMPARABLE COMPANY MARKET (CCM) MULTIPLE APPROACH

PARTICULARS	Amount in (₹ Millions)
Sales of Company (FY11)	
Industry Discount Multiple	
Value of the Company	

Note: - For valuing the "Company", under this methodology the company Provisional Sales for FY 11 has been multiplied with the Industry Average Market Cap to Sales ratio i.e 0.96. as on 24th May 2011. We have further discounted the value by ……..% on account of Non Marketability of shares as the company is a closely held company.

VALUATION AS PER COMPARABLE TRANSACTIONS (M & A) MULTIPLES (CTM) METHOD

PARTICULARS	Amount in (₹ Millions)
Sales of Company (FY11)	
Industry Recent Deal Multiple	
Value of the Company	

Note- For valuing the "Company", under this methodology the company Provisional Sales for FY 11 has been Multiplied with the Industry recent Deal Multiple i.e. 1.83, which were available in public domain.

ANNEXURE I b: PROJECTED FINANCIALS

PROJECTED PROFIT AND LOSS STATEMENT

Amount in (₹ Millions)

PARTICULARS	For the Year Ended March											
	2012	%	2013	%	2014	%	2015	%	2016	%	2017	%
Total Revenue - Manufacturing												
Total Cost of Manufacture												
RMC %												
Cost of Output of Goods Sold												
Gross Profit – Manufacturing												
Gross Profit – Trading												
Gross Profit – Total												
Total Turnover (Mfg. + Trading)												
Administration & Selling Expenses												
EBITDA												
Total Financial Charges												
NP before Depreciation & Taxes												
Depreciation												
Net Profit Before Taxes												
Corporate Tax on Profit												
Net Profit After Taxes												

PROJECTED BALANCE SHEET

Amount in (₹ Millions)

PARTICULARS	For the Year Ended March					
	2012	2013	2014	2015	2016	2017
Equity Share Capital						
Surplus						
Owner's Funds						
Long/Medium Term Borrowings						
Unsecured Loans/Deposits						
Bank Borrowing for Wkg. Capital						
Total Current Liabilities						
Total of Liabilities						
Gross Block						
Less : Depreciation to Date						
Net Block						
Total Current Assets						
Total of Assets						

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PROJECTED CAPEX BREAK-UP

Amount in (₹ Millions)

Particulars		2012	2013	2014	2015	2016	2017	Total Amount
COST OF PROJECT								
Factory Land & Office								
Factory Building								
- …….....								
- …….....								
- …….....								
- …….....								
Total Investment in P & M								
Laboratory Equipments (Pr. Yr)								
Electrification, etc (Pr. Yr.)								
Anciliary Equipments (Pr. Yr.)								
Provision for Contingencies								
Total Capital Cost of Project								
Margin Money for Working Capital								
Total Cost of Project								
Term Loan - New								
Total Long/Medium Term Borrowings								
From Directors								
Total Unsecured Loans/Deposits								
Internal Cash Accruals								
Total Means of Finance								

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Our Valuation Offerings

- Business Valuation;
- Acquisition and Investment Valuation
- Valuation of shares as per Discounted Free Cash Flow Method
- Court Approved Merger & Demerger Valuation and Swap Ratio
- M & A Fairness Opinion
- ESOP Valuation
- Tax Valuation
- Valuation of Business Segments for Spin-off & Restructuring
- FOREX & Overseas Transactions Valuation
- Intangibles Valuation/Valuation for Regulatory Reporting
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