Valuation of equity shares of CHEP India Private Limited

Reliance restricted

For **CHEP India Private Limited**

20 December 2024

Building a better working world

Ernst & Young Merchant Banking Services LLP
5th Floor, Block B – 2, Nirlon Knowledge Park, Off, Western Express Highway, Goregaon (E), Mumbai – 400063, India

Reliance Restricted

20 December 2024

CHEP India Private Limited
3rd Floor, Aver Plaza, Plot No. B-13,
Opposite Citi Mall, New Link Road,
Andheri, Mumbai – 400053

Valuation of equity shares of CHEP India Private Limited as on 30 November 2024

Dear Mr. Craig,

In accordance with instructions of CHEP India Private Limited ("CHEP India" or "Client" or "Company"), Ernst and Young Merchant Banking Services LLP ("EY") have performed the work set out in our Engagement Agreement dated 04 September 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the valuation of equity shares of CHEP India as at 30 November 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the management of CHEP India ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Workings and restrictions on its use

We understand that Leap India Private Limited is proposing to acquire 100% of the equity shares of CHEP India from its existing shareholders, which are non-resident entities ("Proposed Transaction"). Since this transaction involves shares being transferred from non-resident entities to a resident entity, an equity valuation of CHEP India, as undertaken through an internationally accepted valuation methodology, is required to comply with Foreign Exchange Management Act, 1999 and the rules and regulations prescribed thereunder ("Purpose").

Prior to the completion of the Proposed Transaction, CHEP India will transfer certain assets and employees ("Brambles Assets") to another entity. The valuation of the Company is to be conducted based on the balance sheet provided post transfer of Brambles Assets.

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as provided in the Engagement Agreement. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

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Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and conclusion.

Our work commenced on 04 September 2024 and was completed on 19 December 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Nilesh Jain

Partner

Ernst & Young Merchant Banking Services LLP

Dashboard

Table of contents

Valuation Summary
1

Statement of Limiting ...
2

Background
3

Valuation Analysis
4

Appendix

5

Page 26

In this section

1

Valuation Summary

In this section	Page

1 Valuation Summary
Background

Companies and Transaction Background

- CHEP India was incorporated on 27 March 2008 having its registered office in Mumbai. The primary business of the Company involves providing reusable pallets and containers to various participants in the supply chain on a “share and reuse” basis.
- For the year ended 31 March 2024, the Company reported revenues of ₹2,071 Mn and profit after tax of ₹593 Mn.
- LEAP India was founded on 03 July 2013 and has its registered office in Mumbai. LEAP India is a leading pallet pooling platform in India, providing a wide range of innovative and high-quality supply chain solutions, including equipment pooling, returnable packaging, inventory management and movement, transportation, and repair and maintenance, to a diversified and large customer base across e-commerce, consumer durables, beverages, fast-moving consumer goods and automotive.

Purpose and Scope of valuation

- Leap India is proposing to acquire 100% of the equity shares of CHEP India from its existing shareholders, which are non-resident entities (“Proposed Transaction”). Since this transaction involves shares being transferred from non-resident entities to a resident entity, an equity valuation of CHEP India is required to comply with FEMA regulations for the purpose of submitting to the RBI/Authorised Dealer.
- Accordingly, the scope of our Services is to perform valuation of CHEP India (post transfer of Brambles Assets) based on the latest available financial statements for the aforementioned purpose.
- Valuation Date : 30 November 2024.

1 Valuation Summary
Sources of Information

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, verbally or in written form have inter-alia been used in the valuation:
  - Historical financial statements (including balance sheet, profit and loss account, schedules, notes) of CHEP India (excluding Brambles Assets) for financial years ended 31 March 2021 to 31 March 2024, based on adjustments suggested as per FDD Report.
  - Unaudited Profit and Loss account of the Company for the period between 01 April 2024 and 28 September 2024, and for the trailing twelve-month period ended 30 June 2024.
  - Unaudited Balance sheet of the Company as of 28 September 2024.
  - Financial projections of the Company (consisting of profit and loss, balance sheet and underlying assumptions) from 29 September 2024 to 31 March 2029.
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Background information provided through emails or during discussions.
- **Industry and economy information:** EY has relied on publicly available information, proprietary databases subscribed to by EY or its member firms, and discussions with the Management for analysing the industry and the competitors
- In addition to the above, EY has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in our draft Report as part of EY's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.

1 Valuation Summary
Valuation Results / Conclusion

Valuation Summary:

- For valuing the Company in relation to the Proposed Transaction, we have considered following approaches:
  - Income Approach: Management has provided their business plan from 29 September 2024 to 31 March 2029. Hence, we have considered income approach, specifically Discounted Cash Flow (DCF) method, to value the Company basis the business plan provided. Refer page 23 for more details .
  - Market Approach: We have used Comparable Companies' Quoted Multiples (CCM) method to estimate the Enterprise Value (EV). We analysed listed companies in India engaged in manufacturing/leasing of containers and pallets to other businesses for supply chain management purposes. We have considered EV/EBITDA multiple as appropriate and applied it on TTM EBITDA of the company for computing enterprise value. Refer page 24 for more details.
- Net Asset Value (NAV) is generally not a true indicator of the future distributable cash flow and has been provided for information purpose only. Refer page 25 for more details.
- The Company has not prepared its financial statements as at 30 November 2024. The Management provided financial statements as at 28 September 2024, cash balance as at Valuation date and informed us that there is no material change in the financial position of the Company between 28 September 2024 and Valuation Date. Hence, the valuation is based on the unaudited balance sheet of the Company as at 28 September 2024 and the cash position as of Valuation Date. This Report should be read in its entirety but especially in conjunction with the 'Statement of Limiting Conditions'.

Currency: ₹Mn	Weights	Value
Enterprise value		
DCF method	50	8,796
CCM Method - EV/EBITDA multiple	50	9,233
Enterprise value		9,014
Less: gross debt		-
Add: cash and cash equivalents*		3,304
Equity value		12,318
Number of equity shares (in million)		16.7
Value per equity share (₹/share)		737

*Cash balance as of Valuation date.

Accordingly, the Equity value of CHEP India as at Valuation Date is ₹12,318 Mn and value per share is computed at ₹737/ share for each equity share of ₹100 fully paid up.

2

Statement of Limiting Conditions

2 Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this Report can only be regarded as relevant as at the Valuation Date.
- This Report have been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the Engagement Agreement. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client's/ Target's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed based on the unaudited balance sheet as provided by Management as at 28 September 2024. Management informed that there is no material change in the financial position of the Company between 28 September 2024 and Valuation Date.
- The Client and its Management warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the clients, their management concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. EY is not aware of any contingency, commitment or material issue which could materially affect the Company's economic environment and future performance and therefore, the relative values of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- The Report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheets provided to us.
- The valuation analysis and result are governed by concept of materiality.
- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.

2 Statement of Limiting Conditions

Statement of Limiting Conditions

- We owe responsibility to only to the Client that has appointed us under the terms of the Engagement Agreement. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person.
- The actual transacted value achieved may be higher or lower than our 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 will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

3

Background

In this section	Page

3 Background
Background

Business Overview of CHEP India

- CHEP India operates in the business of letting out pallets and auto containers through its service centres, serving customers in the automotive and Fast-Moving Consumer Goods (FMCG) industries. The Company provides a comprehensive suite of services, which includes the rental of pallets/containers, transport to and from service centres, equipment repair services and tracking services for all movements of equipment. CHEP India was incorporated on 27 March 2008 and its registered office is located in Aver Plaza, Plot. No. B-13, Opposite Citi Mall, New Link Road, Andheri, Mumbai - 400053. The Company reported operating revenue and EBITDA of ₹2,071 Mn and ₹791 Mn, respectively, for FY24.

- The Company operates in 3 segments as detailed below:

  - Automotive segment: This involves renting out auto crates and inserts (including customized equipment) to automobile companies OEMs. This business runs on a pooling model, wherein equipment issuance, return and re-issuance occurs frequently.

  - Pallets: This segment deals with renting out wooden pallets to FMCG and Beverage companies. Compared to the Auto segment, the Pallet segment is largely static, wherein the issuance and return do not occur frequently.

  - Intermediate Bulk Containers: The IBC business has a minor asset base having versatile uses, from hosting dry goods to storing industrial materials, and can even serve the automotive sector

  - Revenue from Pallets and Auto segments contributed to approx. 99% of CHEP India's revenue during FY21-24. Segment-wise composition of revenue in FY24 is provided below:

Currency: ₹Mn	Revenue %
Automotive segment	53
Pallets	46
Intermediate Bulk Containers	1
Total	100

- The company's business model is based on the concept of "share and reuse" called as the pooling system. With the pooling system, customers get the pallets, IBCs and industrial containers on a rental basis which enables sharing and reusing products making it more sustainable.

Source: Management

3 Background
Historical and Prospective Financial Information

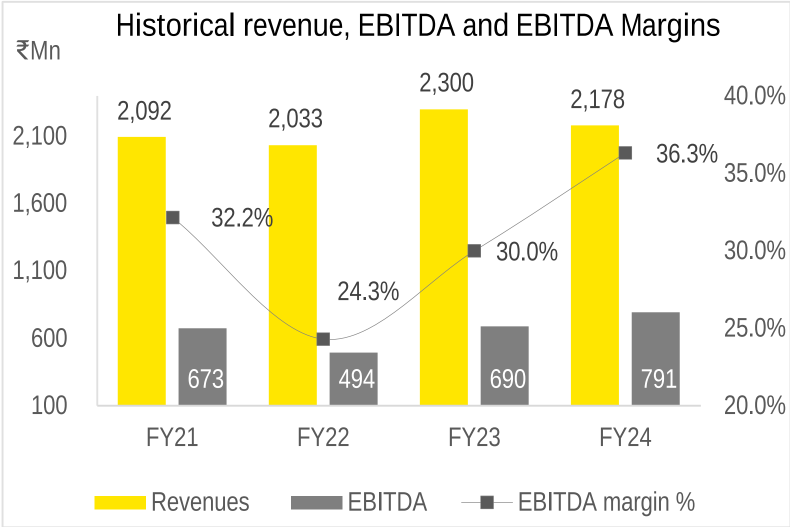
Historical performance:

As informed by Management :

- The addressable market in India for pallet and container pooling is large, with high growth potential, although it is in the early stages of development. In the recent historic period, CHEP India has focused on rationalizing business operations and improving operational efficiency. With the Company focusing on improving returns and cash flow, the Company has elected not to renew contracts with some lower margin customers and not pursue some growth opportunities.
- Revenue has grown at 1.4% CAGR from ₹2,092 Mn in FY21 to ₹2,178 in FY24 .
- The revenue details from FY21 to FY24 have been given as under for each segment:

Currency: ₹Mn	FY21	FY22	FY23	FY24
Auto	932	924	1,074	1,094
Pallets	1,042	935	1,059	964
Intermediate Bulk Containers	23	24	17	13
Other operating revenues	95	151	151	107
Total	2,092	2,033	2,300	2,178

Source: Management



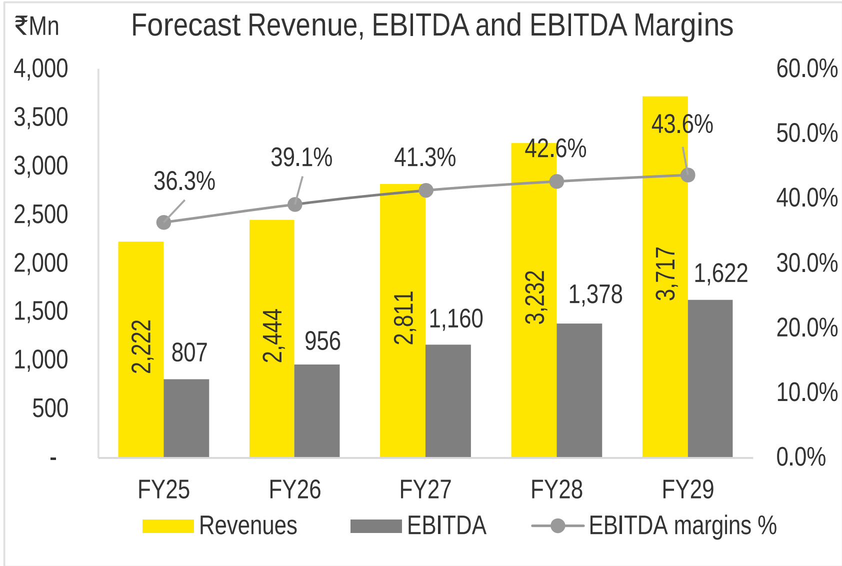
- Revenue decreased by 2.8% from ₹2,092 Mn in FY21 to ₹2,033 Mn in FY22, primarily due to lower margins from a customer in the pallet segment and low demand in the auto segment post Covid-19.
- Revenue grew by 13.1% from ₹2,033 Mn in FY22 to ₹2,300 Mn in FY23, attributable to growth on account of higher issuances in Auto segment, increase in managed services and sale of white wood pallets in the pallet segment. In FY24, revenue declined to ₹2,178 Mn due to decline in demand from customers.
- EBITDA margin was in the range of 24.3% to 36.3% during FY21 to FY24. In FY22, the EBITDA margin was lower due to higher service costs relating to re-work on pallets returned by a customer. The margins further increased to 36.3% in FY24 due to decline in cost for sale of white wood pallets and cost rationalization done by way of reduction in service centers.
- For the period ending 28 September 2024, the Company posted a revenue of ₹1,070 Mn and EBITDA margin of 32.7%.

The detailed historical and prospective Profit and Loss Statements have been presented in Appendix 1

3 Background
Historical and Prospective Financial Information

Forecast performance:

- Management has indicated that the recent historic strategy of focusing on operational efficiency and improving cash flow and returns has put the company in a stronger position for growth. With a large addressable market in India, management expects the Company can return to focusing on customer growth, more consistent with that of competitors and the overall pooling market
- Management intends to target high margin business and contracts with minimum return. Accordingly, management expects to grow only at 2% in FY25 estimating revenue at ₹2,222 Mn. Thereafter, the revenue is forecast to grow from 2,222 Mn in FY25 to ₹3,717 Mn in FY29 at a CAGR of 13.7%.
- The Management forecast EBITDA margin in the range of 36.3% to 43.6% from FY25 to FY29 considering focusing on high margins contracts, rightsizing the workforce and optimization of other expenses and from the benefits of economies of scale.

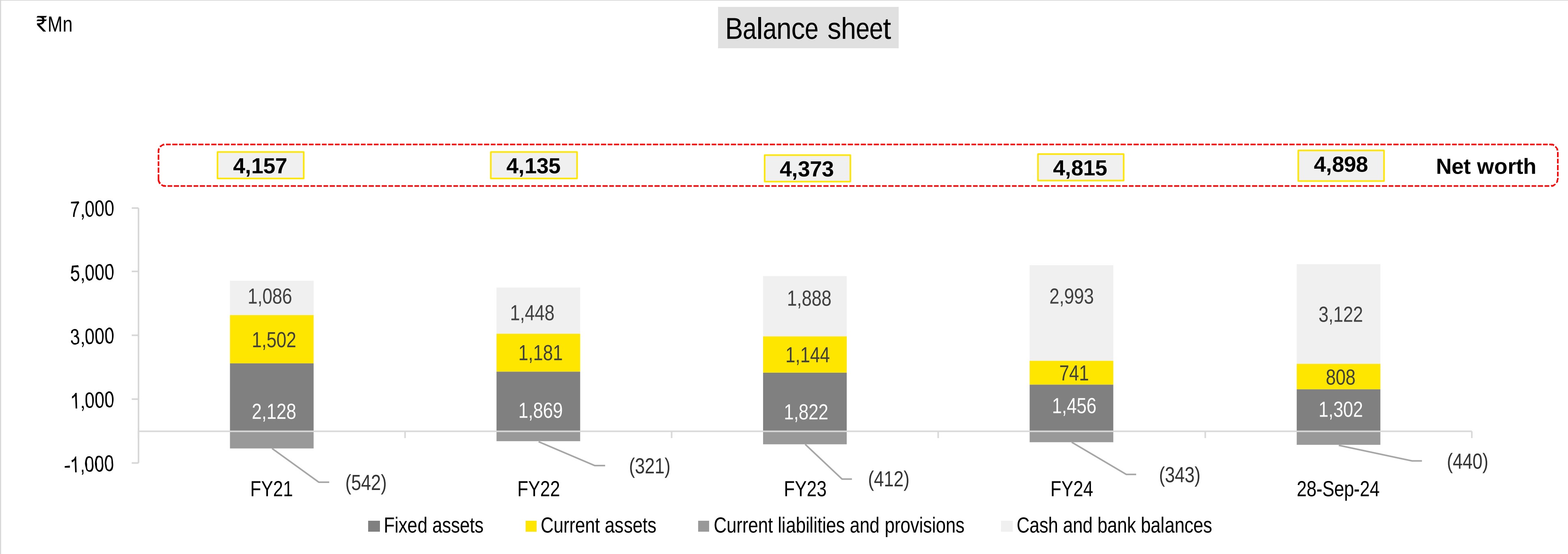


Source: Management

The detailed historical and prospective Profit and Loss Statements have been presented in Appendix 1

3 Background
Historical and Prospective Financial Information

► The historical balance sheets of the Company as provided by the Management has been presented below:



Source: Management

Balance sheet:

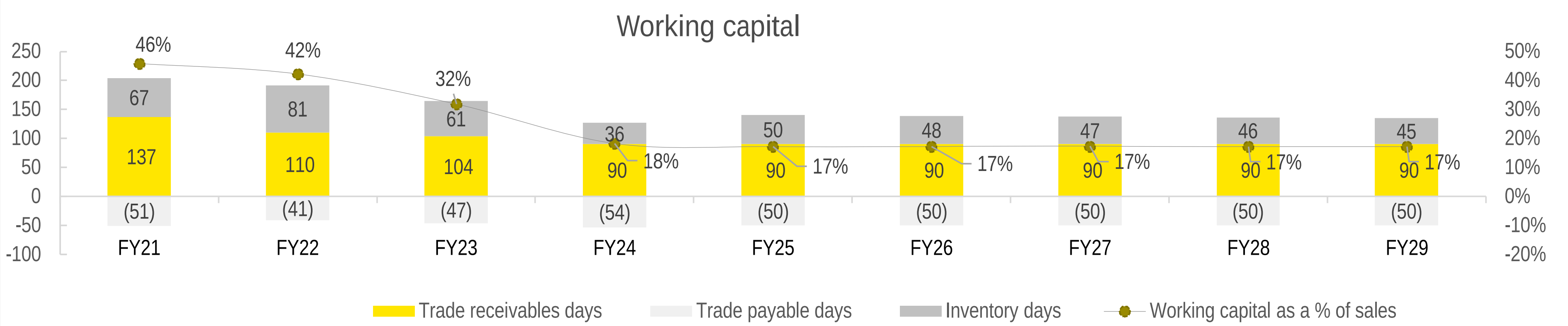
- Fixed assets include pallets, crates, equipment, computers and Right of Use assets.
- Current assets include trade receivables, inventories, other receivables and prepayments.
- Current liabilities include trade payables, provision for bonus and other payables.

The detailed historical balance sheets have been presented in Appendix 1

3 Background

Historical and Prospective Financial Information

- The historical and projected working capital cycle of the Company as provided by the Management is tabulated below:



Source: Management

Working Capital

- Receivable days (computed on net revenue) have gradually improved from 137 days in FY21 to 90 days in FY24 on account of dedicated efforts being put to improve collections in the historical periods. The Company estimates receivable days to be maintained at 90 days in the forecast period .
- Inventory days have declined from 67 days in FY21 to 36 days in FY24 due to rationalization of the number of product types along with optimisation of working capital. Management expects inventory days to stabilise at ~45 days in the forecast period.
- Trade payable days (computed on total expenses excluding employee benefit expenses) were in the range of 41 to 54 days during FY21 - FY24. The Management estimates trade payable days to be at 50 in the forecast period.

Capital expenditure ("Capex")

- Management forecast an annual Capex in the range of ₹318 Mn to ₹483 Mn in forecast period primarily pallets, crates and other equipment and maintenance of existing assets. Management expects this to be maintained at 13% of sales, consistent with the historic period.

Currency: ₹Mn	6M Mar25	Mar26	Mar27	Mar28	Mar29
Incremental Capital expenditure	56	318	365	420	483

Source: Management

4

Valuation Analysis

4 Valuation Analysis
Valuation Methods Used / Not Used

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. 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 measurement date.
- DCF and CCM methods have been considered for determination of fair valuation of CHEP India.

Methodology	Method Used / Not Used	Description	Remarks
Income Approach – Discounted Cash Flows Method	Yes	► The Income Approach determines the value of a business based on its ability to generate desired economic benefit for the owners. This method represents the intrinsic value of the business based on the expected future cash flows.	► DCF method has been considered based on financial projections prepared by the Management of the Company.
Market Approach – CCM Method and Comparable Transactions' Multiples (CTM) Method	Yes	► The market value approach to company valuation is based on derivation of the value of the company under valuation of comparable market prices of other companies or acquisition prices realized by companies of a similar character. In practice, there are two basic comparative methods: ► Comparable Companies' Quoted Multiples method ► Comparable Companies Transaction Multiples method	► We analysed companies engaged in similar business in India and selected a few listed comparable companies. Basis the same, we have used CCM method to estimate the enterprise value. ► No recent transactions were found in comparable companies with similar operations as CHEP India, with sufficient information available in the public domain. Hence CTM has not been considered.
Cost Approach – Net Asset Value Method	No	► The Asset approach seeks to determine the business value based on the value of its assets.	► Asset values are generally not a true indicator of the future distributable cash flow / the profit generating ability of a business. NAV of the Company has been computed and presented for information and benchmarking purposes only.

Discounted Cash Flows Method

Income based approach

- Free Cash Flow to Firm (FCFF) approach under DCF method has been considered to determine the enterprise value of CHEP India.
- The business plan covers explicit forecast period from 29 September 2024 to 31 March 2029.
- Beyond 01 April 2029, the capitalization of future projected cash flows is modelled (”the perpetuity effect”).

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of Valuation Date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model (“CAPM”) is applied.
- WACC is computed to be 13.2% for CHEP India. Refer next slide for WACC computation.

Mid-Year Discounting Convention

- EY DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore, the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$\mathbf{WACC = W_E * R_E + W_D * R_D}$$

where:

W_E	=	Value of equity/value of total capital, E/E+D
R_E	=	Cost of equity
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D
R_D	=	After-tax cost of interest-bearing debt

4 Valuation Analysis
Discounted Cash Flows Method

WACC Computation

Particulars	Notes	Low
Risk-free rate (%)	a	7.0
Beta	b	0.89
Equity market risk premium (%)	c	7.0
Weighted average cost of capital (%)	d	13.2

Source: Calculation

Notes:

a) Based on YTMs of Indian Government bonds with 10-year residual maturity (rounded) as at Valuation Date.

b) Beta computation has been presented in table below. Companies in having similar business as that of the Company have been considered. Re-levered beta (based on a three-year data considering weekly returns) has been considered for the analysis.

c) Based on EY's understanding of the market risk premium in India.

d) Debt equity ratio is assumed as 0:100 as there is no debt in the capital structure of the Company. Accordingly, WACC is same as cost of equity.

Beta computation

Currency: Local currency Mn	Equity beta (e)	Market capitalisation	Net debt (f)	Enterprise value	Net debt / Market capitalisation (%)	Debt-EV ratio based on 3-year average	Unlevered/ Relevered beta
Myers Industries, Inc.	0.7	421	65	486	15	11	0.67
Brambles Limited	0.5	17,287	2,376	19,664	14	13	0.47
W. H. Brady & Company Limited	1.1	3,320	(329)	2,991	(10)	(34)	1.32
Jost's Engineering Company Limited	0.9	5,202	29	5,231	1	5	0.84
TPL Plastech Limited	1.6	7,932	254	8,185	3	5	1.53
H&E Equipment Services, Inc.	1.4	2,092	1,586	3,678	76	44	0.89
Jungheinrich Aktiengesellschaft	1.4	2,478	2,304	4,782	93	37	0.95
Sanghvi Movers Limited	1.4	27,684	1,251	28,935	5	8	1.29
UPR Corporation	1.0	6,689	4,708	11,397	70	28	0.75
Median	1.1						0.89

Source: CapIQ

Notes:

e) Based on 3 years weekly beta for period ended 30 November 2024.

f) Net debt includes gross debt net of surplus cash and bank balances as per latest available financials.

4 Valuation Analysis
Discounted Cash Flows Method

DCF Analysis of CHEP India as at Valuation Date

Currency: ₹Mn	Mar25	Mar26	Mar27	Mar28	Mar29	Terminal value
Number of months	6.07	12	12	12	12	
Net sales	1,152	2,444	2,811	3,232	3,717	3,903
Cost of goods sold	(499)	(1,060)	(1,190)	(1,353)	(1,556)	
Gross profit	654	1,385	1,621	1,880	2,162	
Operating expenses	(196)	(429)	(461)	(501)	(540)	
EBITDA	457	956	1,160	1,378	1,622	1,703
Depreciation and amortization	(148)	(318)	(365)	(420)	(483)	(507)
EBIT	310	638	794	958	1,139	1,196
Tax expense	-	(17)	(200)	(241)	(287)	(301)
Debt free net income	310	621	594	717	852	895
Add: Depreciation and amortisation	148	318	365	420	483	507
(Increase)/ Decrease in net working capital	(10)	(38)	(64)	(72)	(84)	(32)
Less: Capital expenditure	(56)	(318)	(365)	(420)	(483)	(507)
Debt free cash flow	392	583	531	645	769	863
Discount rate (%)	13.2	13.2	13.2	13.2	13.2	
Present value factor- Mid year discounting	0.97	0.88	0.78	0.69	0.61	
Present value debt free cash flow	380	515	414	444	468	
Terminal value						10,504
Present value for explicit period	2,220					
Present value of terminal period	6,390					
Enterprise value as at 28 September 2024	8,610					
Stub period adjustment between 28 September 2024 and Valuation Date	1.02					
Enterprise value as at Valuation date	8,796					

Valuation date 30-11-2024
Balance sheet date 28-09-2024

Terminal Value Assumptions

Particulars	Notes	%
Sales growth	1	*5.0*
EBITDA Margin	2	*43.6*
Working capital as a % of sales	3	*17.1*
Perpetuity CAPEX (₹Mn)	4	*507*
Income tax rate	5	*25.2*

Notes:

1. Growth rate is estimated based on long term economic growth rate, our understanding of the industry and expected long term inflation in India.
2. EBITDA Margin is considered to be same as FY29 EBITDA margin.
3. Working capital as % of sales is assumed to be based at the same levels as projected in FY29.
4. Perpetuity capex is based on gross block as of 31 March 2029 and estimated useful lives of assets.
5. Based on prevailing corporate tax rate in India.

Accordingly, the Enterprise Value of CHEP India as per DCF method as at Valuation Date is determined to ₹8,796 Mn.

4 Valuation Analysis
Comparable Companies' Multiples Method

- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance). The market capitalisation is computed by considering the weighted average share price for two weeks ended 30 November 2024 on the respective stock exchanges. The debt and working capital as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as at different dates.
- Considering the nature of industry and company making profits at EBITDA level, we have considered EV/EBITDA multiple to be appropriate for valuation purpose. We have computed EV/EBITDA multiple of comparable companies based on their TTM EBITDA and applied the same (adjusted for premium/discount required for Company specific factors) on TTM Jun'24 EBITDA of the Company for computing the enterprise value.
- The table below represents EV/EBITDA multiple of comparable companies:

Company (Local currency Mn)	Enterprise Value	Revenue (TTM)	EBITDA (TTM)	EV/EBITDA
Myers Industries, Inc.	41,101	69,615	8,762	4.7
Brambles Limited	1,662,294	570,092	169,530	9.8
W. H. Brady & Company Limited	2,991	1,041	137	21.8
Jost's Engineering Company Limited	5,231	2,273	263	19.9
TPL Plastech Limited	8,185	3,411	380	21.5
H&E Equipment Services, Inc.	310,911	128,353	56,935	5.5
Jungheinrich Aktiengesellschaft	427,194	836,061	37,001	11.5
Sanghvi Movers Limited	28,935	6,442	3,593	8.1
UPR Corporation	6,422	8,713	321	20.0
L&P Global Berhad	2,813	2,843	460	6.1
Herkules S.A.	1,365	2,219	76	18.0
MEGAKRÁN Kereskedelmi és Szolgáltató Nyilvánosan Muködo Részvénytársaság	1,141	660	145	7.9
PT Superkrane Mitra Utama Tbk	19,344	6,272	2,412	8.0
Mean				12.5

- Accordingly, Enterprise value of CHEP India is estimated as follows:

Currency: ₹Mn	Value
EV/EBITDA Multiple	12.5
Less: Discount *	10%
Multiple after discount	11.3
EBITDA (TTM Jun'24)	819
Enterprise value	9,233

*Discount of 10% was applied on account of Company's smaller size relative to comparable companies.

Accordingly, the Enterprise Value of CHEP India as per CCM method as at Valuation Date is determined to be ₹9,233 Mn.

Valuation as per Net Asset Value (NAV) Method as at 28 September 2024

Currency: ₹Mn	Value	Value
Net block of fixed assets		1,302
Current assets		
Inventories	100	
Sundry debtors	564	
Cash and bank balances	3,122	
Other current assets	144	
	3,930	
Current liabilities and provisions		
Trade payables	125	
Other current liabilities	314	
	440	
Net current assets (NCA)		3,490
Deferred tax assets		148
Borrowings		-
Lease liabilities		41
Deferred tax liability		-
Net equity value – unadjusted		4,898
Less: contingent liabilities		-
Net equity value		4,898
Add: Gross debt		-
Less: Cash and cash equivalents		(3,122)
Enterprise value		1,776

Source: Management

- The enterprise value of the Company as at 28 September 2024 as per NAV method is estimated as ₹1,776 Mn.
- As informed by the Management, there are no material changes in the Financial position of the Company between 28 September 2024 and Valuation Date. Hence, the enterprise value of the Company as at Valuation date as per NAV method is estimated as ₹1,776 Mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities and (ii) no material contingent assets / liabilities in the Company as at Valuation Date, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value the Company and has been provided for information purposes only.
- Values represented should be read in conjunction with the 'Statement of limiting conditions'.

Accordingly, the Enterprise Value of CHEP India as per NAV method as at Valuation Date is determined to be ₹1,776 Mn.

5

Appendix

5 Appendix

Appendix 1: Historical and Prospective Financial Information

► The historical profit and loss statements of CHEP India as provided by the Management are summarised in the table below:

Currency: ₹Mn	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	TTM Jun 24	28-Sep-24
Actuals/forecast	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Number of months	12	12	12	12	12	5.93
Sales	1,997	1,883	2,150	2,071	2,059	1,034
Other operating revenue	95	151	151	107	107	36
Net sales	2,092	2,033	2,300	2,178	2,166	1,070
Cost of goods sold / services	(981)	(1,045)	(1,084)	(966)	(945)	(487)
Gross profit	1,111	989	1,216	1,212	1,221	583
Employee benefit expenses	(244)	(229)	(242)	(275)	(264)	(145)
Other expenses	(336)	(276)	(236)	(262)	(254)	(88)
Adjustments as per FDD Report	142	10	(47)	116	116	-
Total expenses	(438)	(495)	(525)	(421)	(402)	(233)
Operating EBITDA	673	494	690	791	819	350
Depreciation & amortization	(421)	(402)	(412)	(333)	(310)	(141)
EBIT	252	92	279	458	509	208
Finance costs	-	-	-	-	-	
PBT	252	92	279	458	509	208
Other income	(2)	4	(1)	(8)	(1)	5
Finance income	23	3	62	75	139	58
Extra-ordinary/non-recurring income/expenses	(135)	44	46	67	47	(2)
Tax	-	-	-	-	-	-
PAT	138	143	386	593	695	269
Sales growth (%)	*na*	*-2.8*	*13.1*	*-5.3*	*na*	*na*
Gross profit margins (%)	*53.1*	*48.6*	*52.9*	*55.7*	*56.4*	*54.5*
EBITDA margins (%)	*32.2*	*24.3*	*30*	*36.3*	*37.8*	*32.7*
EBIT margins (%)	*12.1*	*4.5*	*12.1*	*21.0*	*23.5*	*19.5*
PBT margins (%)	*12.1*	*4.5*	*12.1*	*21.0*	*23.5*	*19.5*
PAT margins (%)	*6.6*	*7.0*	*16.8*	*27.2*	*32.1*	*25.1*

Source: Management

5 Appendix

Appendix 1: Historical and Prospective Financial Information

- The forecast profit and loss statements of CHEP India as provided by the Management are summarised in the table below:

Currency: ₹Mn	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
Actuals/forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	6.07	12	12	12	12
Sales	1,079	2,324	2,673	3,074	3,535
Other operating revenue	73	120	138	159	183
Net sales	1,152	2,444	2,811	3,232	3,717
Cost of goods sold / services	(499)	(1,060)	(1,190)	(1,353)	(1,556)
Gross profit	654	1,385	1,621	1,880	2,162
Employee benefit expenses	(147)	(302)	(336)	(374)	(402)
Other expenses	(50)	(127)	(125)	(128)	(138)
Adjustments as per FDD Report	-	-	-	-	-
Total expenses	(196)	(429)	(461)	(501)	(540)
Operating EBITDA	457	956	1,160	1,378	1,622
Depreciation & amortization	(148)	(318)	(365)	(420)	(483)
EBIT	310	638	794	958	1,139
Finance costs		-	-	-	-
PBT	310	638	794	958	1,139
Other income	(5)	-	-	-	-
Finance income	(58)	-	-	-	-
Extra-ordinary/non-recurring income/expenses	2	-	-	-	-
Tax	-	(17)	(200)	(241)	(287)
PAT	249	621	594	717	852
Sales growth (%)	*na*	*10.0*	*15.0*	*15.0*	*15.0*
Gross profit margins (%)	*56.7*	*56.7*	*57.7*	*58.2*	*58.2*
EBITDA margins (%)	*39.7*	*39.1*	*41.3*	*42.6*	*43.6*
EBIT margins (%)	*26.9*	*26.1*	*28.3*	*29.6*	*30.6*
PBT margins (%)	*26.9*	*26.1*	*28.3*	*29.6*	*30.6*
PAT margins (%)	*21.6*	*25.4*	*21.1*	*22.2*	*22.9*

Source: Management

5 Appendix

Appendix 1: Historical and Prospective Financial Information

► The historical and prospective balance sheets of CHEP India as provided by the Management are as follows:

Currency: ₹Mn	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
Actuals/forecast	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast
Fixed assets									
Gross block	3,516	3,248	3,367	3,082	3,186	3,504	3,869	4,289	4,773
Less: depreciation	(1,402)	(1,417)	(1,608)	(1,671)	(1,960)	(2,278)	(2,643)	(3,063)	(3,547)
Net block	2,114	1,831	1,759	1,411	1,226	1,226	1,226	1,226	1,226
Right of Use Assets	14	38	64	45	-	-	-	-	-
Net block of fixed assets (NFA)	2,128	1,869	1,822	1,456	1,226	1,226	1,226	1,226	1,226
Current assets									
Inventories	181	233	180	96	135	139	153	170	192
Trade receivables	783	613	653	537	548	603	693	797	917
Intercompany receivables	70	68	15	-					
Cash and bank balances	816	1,249	1,642	2,897	3,729	4,312	4,843	5,488	6,257
Cash like items (FDD adjustment)	270	199	246	95					
Other current assets	467	267	296	107	222	244	281	323	372
	2,587	2,629	3,032	3,733	4,634	5,299	5,971	6,779	7,737
Current liabilities and provisions									
Trade payables	198	173	205	206	194	204	226	254	287
Other current liabilities	344	148	206	137	333	367	422	485	558
	542	321	412	343	527	571	648	739	845
Net current assets (NCA)	2,045	2,308	2,620	3,390	4,107	4,728	5,323	6,040	6,892
Tax assets	-	-	-	-					
Lease liabilities	16	42	69	31	-	-	-	-	-
Loan funds									
Borrowings	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
Net worth	4,157	4,135	4,373	4,815	5,333	5,954	6,549	7,266	8,118
Represented by									
Equity	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510
Other equity	(2,353)	(2,375)	(2,137)	(1,695)	(1,177)	(556)	39	756	1,608
Total	4,157	4,135	4,373	4,815	5,333	5,954	6,549	7,266	8,118

Source: Management