Valuation Report

Fair Market Value of Equity Shares of

LEAP India Private Limited

as on September 30, 2023 *(Valuation Date)*

By

Kunvarji Finstock Private Limited

SEBI Registered Category I Merchant Banker

(Registration Number – INM000012564)

Date: 09 October 2023

To,
Board of Directors,
LEAP India Private Limited,
Office #302, 3rd Floor,
Ruby Crescent Business Boulevard,
Ashok Nagar, Kandivali East, Mumbai,
Maharashtra – 400101, India.

Dear Sir,

Subject: <u>Valuation of Equity Shares of LEAP India Private Limited for the purpose of transfer of equity shares</u>

We refer to our discussion undertaken with the Management Representative of **LEAP India Private Limited** *(hereinafter referred to as "LEAP" or the "Company" or "you" or "your")*, wherein the Management of LEAP *(hereinafter referred to as the "Management")* has appointed **Kunvarji Finstock Private Limited**, a Category I Merchant Banker registered with SEBI having Registration Number – INM000012564 *(hereinafter referred to as "Kunvarji" or "Valuer" or "We" or "Us" or "Our")* vide engagement letter dated 16 August 2023 to arrive at the fair market value of equity shares for the purpose of transfer of equity shares in accordance with the provisions of Section 50CA and Section 56(2)(x) of Income Tax Act, 1961 read with Rule 11UA and 11UAA of Income Tax Rules, 1962 *(referred to as "Income Tax Regulations")* pertaining to transfer of shares.

Please refer to the section titled *"Valuation Conclusion"* for the summary of the analysis of the valuation of the equity shares.

Our report is subject to the terms mentioned in the section titled *"Disclaimer"* and *"Limiting Conditions"* of the report.

For, Kunvarji Finstock Private Limited

Mr. Atul Chokshi
Director (DIN: 00929553)

KUNVARJI
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1. DISCLAIMER

This report is prepared by Kunvarji Finstock Private Limited, a Category I Merchant Banker registered with SEBI vide Registration Number- INM000012564 for LEAP India Private Limited on the basis of audited/unaudited financial statement, documents, papers, information and explanations given by the officers of the Company.

This report is to facilitate the Company for determining fair market value of the equity shares for the purpose of transfer of equity shares of the Company.

This report shall not be used as a base for any purpose other than that mentioned below in the report.

While utmost care has been taken in preparing this document to ensure that the facts stated are accurate and reasonable, neither the Valuer nor any officer or employee of the Valuer shall in anyway be responsible for the contents therein.

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This Document is for the perusal of

The Board of Directors & Shareholders of

LEAP India Private Limited

2. CONFIDENTIALITY NOTE

The information contained in this document is privileged and confidential. It is intended only for the use of the addressee named above.

Any retention, dissemination, distribution or copying or sharing of any information from this document is strictly prohibited.

3. BRIEF PROFILE OF THE COMPANY

LEAP India Private Limited is a private limited company bearing CIN U74900MH2013PTC245166 and was incorporated on July 03, 2013. The registered office of the company is Office #302, 3rd Floor, Ruby Crescent Business Boulevard, Ashok Nagar, Kandivali East, Mumbai – 400101, Maharashtra, India.

LEAP India Private Limited provides returnable and customized packaging and solutions used for storing and moving products across the supply chain.

Its business offering varies from strategic management, business & operations management, lumber sourcing, distribution, channel marketing, sales and supply chain. LEAP stands for "Leading Enterprise in Advanced Pooling".

The company provides pooling solutions of the following products on rent:

- Wooden Pallets: Used for storing and moving finished products / raw materials in various industries such as Consumer, FMCG, Retail etc.
- Foldable Large Containers (FLC) & Plastic Crates: Used for moving components used in the assembly and manufacture of finished products in the Automotive Industry.
- Plastic Utility Boxes (UB): Used in the E-commerce business in the last mile delivery.

The Company has a lion's share of the market in Asset Pooling and has delivered quality supply chain solutions via 25 warehouses, 22 manufacturing units, 2500+ locations, 6 million+ total managed assets and 4000+ consumer touchpoints spread across the country.

The Company holds 100.0% of the equity shares of 'Taron Material Handling Equipments Private Limited'.

❖ **Taron Material Handling Equipments Private Limited**

Taron Material Handling Equipments Private Limited *(hereinafter referred to as "Taron")*, is private limited company bearing CIN U74999MH2018PTC313884 and was incorporated on September 11, 2018. The registered office of the company is 302, 3rd Floor, Ruby Crescent Business Boulevard, Ashok Nagar, Kandivali (East), Mumbai - 400101, Maharashtra, India.

Taron is providing services related to leasing of material handling equipment and providing supply chain services & solutions. Taron holds 100.0% of the equity shares of 'Skan Marine Services Private Limited'.

❖ **Skan Marine Services Private Limited**

Skan Marine Services Private Limited *(hereinafter referred to as "Skan")*, is a private limited company bearing CIN U74999M U61100MH1983PTC031031 H2018PTC313884 and was incorporated on October 06, 1983. The registered office of the company is Unit No. 310 and 311, Plot No. 61, Sector 11 C B D, Thane - 400614, Maharashtra, India.

Skan is engaged in the business of leasing of machineries and other ancillary businesses.

4. ENGAGEMENT BACKGROUND

We have been informed by the Management that their existing shareholders are contemplating transfer of equity shares held by them in LEAP *("Proposed Transaction")*. Hence, the Management intends to obtain the valuation report for the ascertaining the fair market value of equity share of LEAP in order to comply with the provisions of section 50CA and section 56(2)(x) of the Income Tax Act, 1961 read with Rule 11UA and 11UAA of the Income Tax Rules, 1962.

In this regard, Kunvarji Finstock Private Limited, a Category I Merchant Banker registered with SEBI vide Registration Number — INM000012564, has been appointed to report on the Fair market value of equity share of the Company as on September 30, 2023.

While carrying out the assignment, the Valuer has made discussion with management representative of the Company regarding the present and future financial performance, operations and business activities. Further, the Company has provided us the financial, business, operational & corporate information etc. and we have studied and considered such financials, information, etc. to prepare this report.

It should also be understood that the value at which investments are made / price paid in a transaction may differ from the value computed in this report due to factors such as the motivation of Parties, negotiation skills of the parties, the structure of the transaction (i.e. financing structure, Transition of control, etc.) or other factors unique to the transaction.

5. SOURCES OF INFORMATION

The following sources of information have been utilized in conducting the valuation:

- Unaudited provisional financials statement of LEAP, Taron and Skan for the six months period ended September 30, 2023;
- Share Capital Table of the Company on a fully diluted basis as at Valuation Date;
- Terms of existing CCPS and CCD including nature of instrument, dividend rate, tenure, conversion terms, conversion ratio, etc.;
- Copy of the resolution dated 09 September 2023 for the conversion of Optionally Convertible Redeemable Preference Shares ("OCRPS') and Series C CCD into equity shares;
- Copy of the resolution dated 15 September 2023 for buyback of fully paid up equity shares of the Company from the existing shareholders;
- Valuation Report of Kalamboli Property held by Skan by RSVA & Co. dated February 14, 2023;
- Valuation Report of Raheja Property held by Skan by RSVA & Co. dated February 14, 2023;
- Written Representations received from the management of LEAP;
- Such other information, explanations and representations as required and which have been provided by the Management of LEAP, which were considered relevant for purpose of carrying out this valuation analysis and preparing this Report.

In addition to the above, we have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation.

It may be mentioned that the Management has been provided with an opportunity to review factual information in our report as part of our standard practice to ensure that factual inaccuracies/omissions etc. are avoided in our final signed report.

6. COMPUTATION OF FAIR MARKET VALUE OF EQUITY SHARES OF UNDER RULE 11UA OF THE INCOME TAX RULES, 1962

For the purpose of arriving at the fair market value of the shares, methodology prescribed under Rule 11UA for computing fair value of unquoted equity shares is as under.

"the fair market value of unquoted equity shares shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner, namely: —
The fair market value of unquoted equity shares = $(A + B + C + D - L) * \frac{PV}{PE}$

where,

A = *Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet as reduced by,—*
- *(i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and*
- *(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;*

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

C = *Fair market value of shares and securities as determined in the manner provided in this rule;*

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

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

payable in respect of cumulative preference shares;

PV = *Paid up value of such equity shares;*

PE = *Total amount of paid up equity share capital as shown in the balance-sheet;*

Valuation of the equity shares of the Company under this method is arrived at by determining on the basis of unaudited financial statements as on September 30, 2023. Net worth is the excess of all assets over company over its liabilities to outsiders as shown in the balance sheet.

INR in Million

S.No.	Particulars	Amount
A Less:	Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet (i) any amount of income tax paid less the amount of income tax refund claimed, if any (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset	11,034.5
	Sub Total (A)	**11,034.5**
B	Fair market value of any jewellery and artistic work on the basis of valuation report obtained from a registered valuer	-
C	Fair market value of shares and securities	400.0
D	Value adopted by any authority or Government for purpose of stamp duty for immovable property	-
L	Book value of liabilities shown in the balance sheet excluding i) paid-up capital in respect of equity shares; ii) amount set apart for payment of dividend; iii) reserves and surplus; iv) provision for tax and other expenses; v) provision for meeting unascertained liabilities; vi) amount representing contingent liabilities	6,422.0
	Net asset value (A+B+C+D-L)	**5,012.5**
PE	Total amount of paid-up equity share capital as shown in balance	25.3
PV	Paid-up value of equity shares (INR per share)	1.0
	Fair market value per unquoted equity shares (A+B+C+D-L) *(PV)/(PE)	**198.2**

Note:

1. Section 50CA and Section 56(2)(x) of the Income-Tax Act, 1961 read with Rule 11UAA and 11UA Income-Tax Rules, 1962 prescribes for valuation of shares as on the date of transaction, however as the audited financial statements as on the date of transaction were not available, we have conducted the valuation in accordance with the valuation methodology prescribed under the Regulations based on the unaudited provisional financial statements of the Company for the six months period ended 30 September 2023.

2. We have valued the equity investments held by LEAP in Taron Material Handling Equipments Private Limited in accordance with regulations provided in Rule 11UA. Summary of value of the equity investment held by LEAP as per Rule 11UA is set out in Annexure A.

INR in Million

Sr. No.	Particulars	No of Shares	Book Value	Fair Value
1	Investment in unquoted equity shares of Taron Material Handling Services Private Limited	7,33,270	75.0	-
	Total		**75.0**	**-**

For valuing the equity investment held by LEAP in its subsidiary viz. Taron which is having negative fair market value computed in accordance with Rule 11UA, we have considered the fair value of the said equity investment to be NIL.

Further, we have considered the fair value of investments in corporate bonds as given below:

INR in Millions

Sr No	Particulars	Book Value	Fair Value
1	**Investment in Corporate Bonds**		
	Aditya Birla Sun Life Banking and PSU	130.0	130.0
	ICICI Prudential Corporate Bond Fund	140.0	140.0
	HDFC Corporate Bond Fund	130.0	130.0
	Total	**400.0**	**400.0**

3. For the purpose of determining the fair market value in accordance with Rule 11UA, we have considered the face value of various CCPS issued by the Company as liability.

4. As per the review of the financial statements of the Company and information provided by the Management we understand that the Company does not own any immovable properties.

5. We have assumed that there are no amounts set apart for payment of dividends on equity shares of the Company.

6. The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair value under Rule 11UA.

7. VALUATION CONCLUSION

Considering the methodology applied in our valuation analysis to determine the fair market value of equity shares of LEAP, accordingly, we have arrived at the fair market value per equity share of LEAP at **INR 198.2** as on 30 September 2023.

8. LIMITING CONDITIONS

- Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Our report is meant for the purpose mentioned above and exclusively for the use of the company and may submit the report to Income Tax Authorities as may be required under Income Tax Regulations. Our report should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. We are independent of the company and have no current or expected interest in the Company or its assets except as mentioned above. The fee paid for our services in no way has influenced the results of our analysis.
- 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 existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. This report is issued on the understanding that company has drawn our attention to all the matters relevant for the purpose of the proposed transaction as on date of this report which would have an impact on our valuation.
- The client / owner and its management / representatives warranted to us that the information they supplied is complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- We have relied on data from external sources also 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. The report assumes that the company has complied fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company/business/assets will be managed in a competent and responsible manner. However, changes to the same in the future could impact the Company and the industry they operate in, which may impact our valuation.

- Unless 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 sheet/fixed assets register provided to me. Details about market value of the assets wherever required, have been furnished to us by the Company. We have not undertaken any verification/assessment of such values.
- The actual fair value achieved may be higher or lower than our estimate of value depending upon the circumstances of the proposed transaction, and the nature of the business. The knowledge, negotiating ability and motivation of the parties to the proposed transaction and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.
- Except the valuation part, our report is not, nor should it be construed as our Opinion or Certifying the compliance with the proposed transaction with the provisions of the law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed transaction.

For, Kunvarji Finstock Private Limited

Kunvarji Finstock Pvt. Ltd.

Mr. Atul Chokshi
Director (DIN: 00929553)

Date: 09 October 2023
Place: Ahmedabad

Annexure A

Fair Market Value of Equity Shares of Taron Material Handling Equipments in accordance with Rule 11UAA and 11UA of the Income-Tax Rules, 1962 read with Section 50CA and Section 56(2)(X) of the Income-Tax Act, 1961.

INR in Million

S.No.	Particulars	Amount
A	Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet	230.8
Less:	(i) any amount of income tax paid less the amount of income tax refund claimed, if any	-
	(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset	-
	Sub Total (A)	**230.8**
B	Fair market value of any jewellery and artistic work on the basis of valuation report obtained from a registered valuer	-
C	Fair market value of shares and securities	522.3
D	Value adopted by any authority or Government for purpose of stamp duty for immovable property	-
L	Book value of liabilities shown in the balance sheet excluding i) paid-up capital in respect of equity shares; ii) amount set apart for payment of dividend; iii) reserves and surplus; iv) provision for tax and other expenses; v) provision for meeting unascertained liabilities; vi) amount representing contingent liabilities	1,197.9
	Net asset value (A+B+C+D-L)	**(444.8)**
PE	Total amount of paid-up equity share capital as shown in balance sheet	7.3
PV	Paid-up value of equity shares (INR per share)	10.0
	Fair market value per unquoted equity shares (A+B+C+D-L) *(PV)/(PE)	**(606.6)**
	Number of equity shares held by LEAP	7,33,270
	Fair market value of equity shares held by LEAP (INR in Million)	**(444.8)**

Notes:

1. Section 50CA and Section 56(2)(x) of the Income-Tax Act, 1961 read with Rule 11UAA and 11UA Income-Tax Rules, 1962 prescribes for valuation of shares as on the date of transaction, however as the audited financial statements as on the date of transaction were not available, we have conducted the valuation in accordance with the valuation methodology prescribed under the Regulations based on the unaudited provisional financial statements of Taron for the six months period ended 30 September 2023.

2. We have valued the equity investments held by Taron in Skan Marine Services Private Limited in accordance with regulations provided in Rule 11UA. Summary of value of the equity investment held by Taron as per Rule 11UA is set out in Annexure B.

INR in Million

Sr. No.	Particulars	No of Shares	Book Value	Fair Value
1	Investment in unquoted equity shares of Skan Marine Services Private Limited	1,000	973.1	522.3
	Total		**973.1**	**522.3**

3. As per the review of the financial statements of Taron and information provided by the Management we understand that Taron does not own any immovable properties.

4. We have assumed that there are no amounts set apart for payment of dividends on equity shares of Taron.

5. The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair value under Rule 11UA.

Annexure B

Fair Market Value of Equity Shares of Skan Marine Services Private Limited in accordance with Rule 11UAA and 11UA of the Income-Tax Rules, 1962 read with Section 50CA and Section 56(2)(X) of the Income-Tax Act, 1961.

INR in Million

S.No.	Particulars	Amount
A	Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet	685.3
Less:	(i) any amount of income tax paid less the amount of income tax refund claimed, if any	-
	(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset	-
	Sub Total (A)	**685.3**
B	Fair market value of any jewellery and artistic work on the basis of valuation report obtained from a registered valuer	-
C	Fair market value of shares and securities	447.3
D	Value adopted by any authority or Government for purpose of stamp duty for immovable property	17.4
L	Book value of liabilities shown in the balance sheet excluding i) paid-up capital in respect of equity shares; ii) amount set apart for payment of dividend; iii) reserves and surplus; iv) provision for tax and other expenses; v) provision for meeting unascertained liabilities; vi) amount representing contingent liabilities	627.7
	Net asset value (A+B+C+D-L)	**522.3**
PE	Total amount of paid-up equity share capital as shown in balance sheet	0.1
PV	Paid-up value of equity shares (INR per share)	100.0
	Fair market value per unquoted equity shares (A+B+C+D-L) *(PV)/(PE)	**5,22,262.3**
	Number of equity shares held by Taron	1,000
	Fair market value of equity shares held by Taron (INR in Million)	**522.3**

Notes:

1. Section 50CA and Section 56(2)(x) of the Income-Tax Act, 1961 read with Rule 11UAA and 11UA Income-Tax Rules, 1962 prescribes for valuation of shares as on the date of transaction, however as the audited financial statements as on the date of transaction were not available, we have conducted the valuation in accordance with the valuation methodology prescribed under the Regulations based on the unaudited provisional financial statements of Skan for the six months period ended 30 September 2023.

2. We have considered the value of investments held by Skan in Debentures equal to its book value.

3. Skan holds investment in redeemable preference shares of Taron which are redeemable at premium, we have therefore considered the book value of the investment to be equivalent to their fair values.

4. For the purpose of determining the stamp duty value of the immovable property, we have relied on the Valuation Report issued by RSVA & Co. dated February 14, 2023 for the immovable properties held by Skan as provided to us by the Management.

5. We have assumed that there are no amounts set apart for payment of dividends on equity shares of Skan.

6. The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair value under Rule 11UA.