VALUATION REPORT

on

Fair Value of Equity Shares

Deccan Bearings

Valuation Date – 28th February 2025

Report Date – 21st April 2025

CA Jay Shah
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Valuation Analysis

We refer to our Engagement Letter dated 8th April, 2025 as independent valuers of **Deccan Bearings Ltd.** (the "Company"). In the following paragraphs, we have summarized our valuation Analysis (the "Analysis") of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

1 Context and Purpose

Based on discussion with the management, we understand that the Company's promoters are evaluating the fair value of the equity shares of the Company **under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR, 2018") and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)**. In the context of these proposed transactions, the management requires our assistance in determining the F**air Value of Equity** of the Company.

Proposed Transaction:

The Company is evaluating the possibility of preferential allotment and open offer. In this context, the management of **Deccan Bearings Ltd.** (the "Management") has requested us to estimate the fair value of the Equity Shares. - "Proposed Transaction".

2 Conditions and major assumptions

Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the financial statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised. Any financial projection e.g. projected balance sheet, projected profit & loss account, projected cash flow statements as presented in this report are included solely to assist in the development of the value conclusion. The actual results may vary from the projections given, and the variations may be material, which may change the overall value.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to require to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3 Background of the Company

Deccan Bearings Ltd. incorporated in the year 1985 and is a company which manufactures bearings, steel rollers, steel balls, plumber blocks, pillow blocks, adopter sleeves units including components, parts of the above and supplies globally.

Company URL: https://www.deccanbearings.in/

Further data of the company as on valuation report date is as under:

CIN	L29130MH1985PLC035747
Company / LLP Name	Deccan Bearings Ltd
ROC Code	ROC Mumbai
Registration Number	035747
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	3,25,00,000
Paid up Capital (Rs)	2,18,33,340
Number of Members (Applicable in case of company without Share Capital)	-
Date of Incorporation	26/03/1985
Registered Address	136, B Wing, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Mumbai, Maharashtra, India, 400072
Email Id	deccan.bearings9@gmail.com
Whether listed or not	Listed
Date of last AGM	30/09/2024
Date of Balance Sheet (Audited)	31/03/2024
Company Status (for e-filing)	Active

Directors and Key Managerial Persons

DIN/PAN	Name	Begin date	Designation
05245634	Sandip Keshav Pawar	12/03/2022	Director
08338221	Shilpa Sagar Parab	28/01/2019	Director
10332082	Nishith Trivedi	15/03/2025	Additional Director
10989804	Priyankbhai Vasantbhai Ghelani	15/03/2025	Additional Director / CFO
10989812	Ajay Jagdishbhai Gohel	15/03/2025	Additional Director
02796417	Aakansha Vaid	22/10/2024	Additional Director
03198502	Nitin Arvind Oza	22/10/2024	Additional Director
CQGPP8228K	Asha Pal	11/02/2025	Company Secretary

4 Valuation Premise

The premise of value for our analysis is going concern value as there is neither a planned nor contemplated discontinuance of any line of business nor any liquidation of the Company.

5 Valuation Date

The Analysis of the Fair Value of Equity shares of the **Deccan Bearings Ltd.** of the Company as on **28th February, 2025.**

6 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by PVAI Registered Valuers Organisation.

7 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

1. Asset Approach

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

2. Market Approach

Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here 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 comparable enterprises are valued by public markets. In case of early stage company and different business model the problem aggravates further.

Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

3. Income Approach

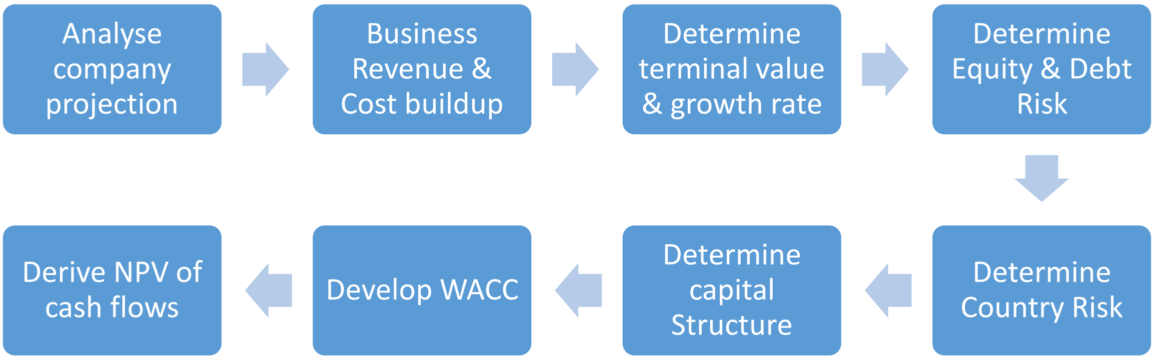
Discounted Cash Flows - "DCF"

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the Company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows



8 Valuation Methodology

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

Provision of Regulation for requirement of Valuation:

<u>**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED**</u>

PART IV: PRICING

<u>**Pricing of infrequently traded shares**</u>

Regulation 165: *Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies: Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent registered valuer to the stock exchange where the equity shares of the issuer are listed.*

In the instant case, since the quoted equity shares of the Company are not frequently traded on Bombay Stock Exchange as on the date of valuation, pricing according to regulation 164 has not been determined.

Company has few peers listed on the recognized exchange which are commensurate with the size and nature of company (after considering illiquidity factor), accordingly Comparable Company Market Multiple method is taken into consideration for valuation.

However, there are no comparable transaction of peer companies which are relied upon for determination of fair value of shares for the proposed transaction.

DCF method is dependent upon past/expected normalised cash free flows to the Company and/or equity (FCFF/FCFE). Under various methods, the projected cashflows are used with statistical techniques. Discount factors reflect the time value of money, risk involved etc. But as there is no major cash flow in the Company, the inflows are sufficient to cater the needs of operational expense and not to support the Company in expansion and growth in the near future. Further, the Company has not submitted detailed projections along with business model in order to work out fair value under DCF method. Accordingly, this method has not been considered.

Considering this, we have determined the Fair Value of Equity Shares as per Net Asset Value Method (NAV) and Market Approach by using Comparable Company Market Multiple Method. Considering both these methods to be the most appropriate method in the present case, we have assigned relevant weightages to NAV method and Market Approach method.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

Refer **Annexure 1** for working

SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 2011:

The relevant provisions considered by us for determining the value of shares under SAST are as below:

Offer Price

Regulation 8. *(1) The open offer for acquiring shares under regulation 3, regulation 4, regulation 5 or regulation 6 shall be made at a price not lower than the price determined in accordance with sub-regulation (2) or sub-regulation (3), as the case may be.*

(2) In the case of direct acquisition of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-regulation (2) of regulation 5 are met, the offer price shall be the highest of,-

(a) the highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer;

(b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;
(c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the date of the public announcement;
(d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;
(e) where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and
(f) the per share value computed under sub-regulation (5), if applicable.

We understand that the shares of the Company are not frequently traded and we have therefore considered Clause 8(2)(e) for the said valuation purpose.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

Refer Annexure for workings (Annexure 1)

9 Source of Information

The Analysis is based on a review of the business plan of the Company provided by the Management and information relating to sector as available in the public domain. Specifically, the sources of information include:

- Discussions with the Management / representative of the Company;
- Provisional financial statement as on 31st December 2024 prepared by the Management of the Company
- All Company specific information were sourced from the management of the Company, either in the written hard copy or digital form;
- Other information / data available in public domain.

In addition to the above, we have also obtained such other information and explanations from the Company as were considered relevant for the purpose of the valuation. It may be mentioned that the Management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

10 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material mis-statements or would not afford reasonable grounds upon which to base the Report.

The report is based on the financial projections provided to us by the Management of the company and thus the responsibility for forecasts and the assumptions on which they are based is solely that of the Management of the Company and we do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgement. Similarly, we have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

The valuation worksheets prepared for the exercise are proprietary to the Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

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.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which have an impact on our Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

A draft of the report was shared with the Company, prior to finalisation of report, for confirmation of facts, key assumptions and other Company representations.

Our Report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not, nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

11 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Deccan Bearings Ltd.** It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared with the investor / buyers of the Company / submission to government authorities and regulators towards statutory compliances.

12 Opinion on Fair Value of Equity

Based on our valuation exercise Fair Value of the Equity Shares as on 28th February 2025 is as under:

Method	Value per share	Weight	Product
NAV Method (*refer annexure* 1)	0.55	50%	0.28
Market Method (*refer annexure* 2)	2.75	50%	1.38
	Weighted Average Value per share		1.66
	Face value per Equity Share *		10.00
	Fair Value Per Equity Share (in INR rounded off)		**10.00**

(*) Since no discount on issue of equity shares is allowed as per Section 53, Companies Act 2013

<u>Control Premium</u>

<u>REGULATION 8 (7) of SEBI (SAST): -</u>

For the purposes of sub-regulation (2) and sub-regulation (3), the price paid for shares of the target company shall include any price paid or agreed to be paid for the shares or voting rights in, or control over the target company, in any form whatsoever, whether stated in the agreement for acquisition of shares or in any incidental, contemporaneous or collateral agreement, whether termed as control premium or as non-compete fees or otherwise.

<u>REGULATION 166A (1) of SEBI (ICDR): OTHER CONDITIONS FOR PRICING -</u>

Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

Considering requirement given under regulation 165 & 166A (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Articles of association of the Company, we have determined the Fair Value of Equity Shares to be Rs. 10.00/-.

We further state that there are proposed allottees as per Annexure 3 whose holding would be more than 5% of the proposed enhanced capital.

We hereby confirm and certify that the Valuation Report prepared as per Regulation 165 of Securities And Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 should be treated as valuation Report prepared under Regulation 166A(1) of Securities And Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which is read as under:

"Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price".

We have carried out the valuation of the shares as per regulation 165 and 166A of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Securities And Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. As per the NAV Method, the value per equity share of face value of Rs.10/- each is coming at Rs. 0.55/- and as per Market method, the value per equity share is coming at Rs. 2.75/-.

However, as per section 53 of Companies Act 2013 (Prohibition to issue shares at discount) the Company is prohibited to issue shares at a discount to face value. Accordingly, the face value of shares of the company i.e., Rs. 10.00 per share should be the fair value for the proposed issue of shares by the company.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully

JAY ASHOK SHAH

Digitally signed by JAY ASHOK SHAH
Date: 2025.04.21 19:59:22 +05'30'

CA Jay Shah
Chartered Accountants
Membership No: 175050
Registered Valuer - Securities or Financial Assets
(Reg No: IBBI/RV/07/2022/14720)

Date: 21st April, 2025
Place: Mumbai
UDIN: 25175050BMMLNX8365

13 Annexures

Annexure 1 - Net Asset Method

(in INR)

Particulars		As on 31st December, 2024
		Book Value / Fair Value
ASSETS		
Non-Current Assets		
Other Non-Current Assets		21,100
Loans & Advances		13,41,943
Current Assets		
Cash and cash equivalents		81,635
Short Term Loans & Advances		1,82,830
Total Assets	**A**	**16,27,508**
LIABILITIES		
Non-Current Liabilities		
Other long term liabilities		2,17,326
Current liabilities		
Short Term Provisions		2,17,551
Total Liabilities	B	**4,34,877**
Net Assets (In INR)	(A-B)	**11,92,631**
No. of Shares	C	**21,83,334**
Value per Share (In INR)	(A-B)/C	**0.55**

Annexure 2 - Comparable Market Multiple Method

(in INR)

Particulars	Market Price of equity shares as on 28th Feb., 2025	Book Value of equity shares	P/B ratio
Timken India Ltd	2,474.85	343.69	7.20
Schaeffler India Ltd	3,052.45	344.36	8.86
SNL Bearings Ltd	328.65	172.40	1.91
Austin Engineering Company Ltd	149.6	179.15	0.84
Vishal Bearings Ltd	91.25	3.65	25.00
NRB Industrial Bearings Ltd	23.60	(21.47)	(1.10)
Bharat Heavy Electricals Ltd	178.90	70.73	2.53
AIA Engineering Ltd	3,140.15	658.85	4.77
Average P/B ratio			**6.25**
Illiquidity Discount for non-comparable size of organisation			20%
P/B ratio applicable to the Company			5.00
Deccan Bearings Ltd. book value			0.55
Value per share			**2.75**

Annexure 3 – Regulation 166A of Chapter V of the SEBI ICDR, 2018

Regulation 166A (1): Other conditions for pricing

Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

As represented to us, the following allottees proposed to acquire equity shares more than 5% of the existing capital. Details are mentioned herein below:-

Sr. No	Identity of Proposed allottee	CIN / PAN/ Passport in case of NRI OR Foreign national of ultimate beneficial owner	Category	Pre-Issue holding	Pre-Issue holding (%)	No of equity shares to be acquired through Open Offer (Preferential Issue)	No of shares acquired through SPA*	Post Issue holding	Post-issue holding %
1	Paresh Ghusabhai Satani	AEXPS3429L	Non-promoter	-	0%	40,64,427	11,47,504	52,11,931	26.06%
2	Tanuj Pareshkumar Satani	FXYPS9270J	Non-promoter	-	0%	29,00,000	-	29,00,000	14.5%
3	Gushabhai Ramjibhai Satani	AEXPS3424H	Non-promoter	-	0%	29,00,000	-	29,00,000	14.5%
4	Chirag Ramjibhai Satani	AUWPS8201P	Non-promoter	-	0%	29,00,000	-	29,00,000	14.5%

(*) SPA – Share Purchase Agreement

Considering above, the fair value of equity shares of the Company as determined considering first proviso of regulation 166A of Chapter V of the SEBI ICDR, 2018 factors for the control premium as required.