

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018
Mobile: +91 9911077439
Email: manwanimanish@yahoo.in

Date: September 01, 2023

The Chief General Manager
Listing Operation,
BSE Limited
20th Floor, P.J. Towers, Dalal Street,
Mumbai-400001

Dear Sir/ Madam,

Sub: Application for "In-principle approval" prior to issue and allotment of 1,50,00,000 warrants convertible into equity shares on preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

1. I, Manish Manwani, Independent Registered Valuer under Securities and Financial Assets Class registered with Insolvency and Bankruptcy Board of India ("IBBI") having IBBI registration number IBBI/RV/03/2021/14113, hereby certify that the minimum issue price for the proposed preferential issue of '**Himachal Fibres Limited**' (hereinafter referred as "HFL" or "**the Company**"), based on the pricing formula prescribed under Regulation 164/165 read with Regulations 166A of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred as "**ICDR Regulations, 2018**") been worked out at **INR 2.67/-** (Indian Rupees Two and Sixty Seven Paise Only) per share.

The relevant date for the purpose of said minimum issue price was August 29, 2023.

2. I hereby certify that the Articles of Association of the issuer does not provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018.

OR

~~We hereby certify that the Articles of Association of the issuer provides for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018 then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue. Accordingly, We have calculated the floor price which worked out as Rs. _____.~~

3. The workings for arriving at such minimum issue price have been attached herewith.

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018
Mobile: +91 9911077439
Email: manwanimanish@yahoo.in

4. As the shares of the Company are not frequently traded on the Stock Exchange within the meaning of Regulation 164(5) of Chapter V of ICDR Regulations, 2018, therefore price has been calculated as per the provisions of Regulation 165 read with Regulation 166A of ICDR Regulations, 2018.

Manish Manwani



IBBI Registered Valuer
Class: Securities or Financial Assets
IBBI Reg. No.: IBBI/RV/03/2021/14113
Place: Gurugram (Haryana)

This space is intentionally left blank

VALUATION APPROACHES AND METHODOLOGIES

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 approaches can be broadly categorized as follows:

1. Asset Approach
2. Income Approach
3. Market Approach

Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company, both tangible and intangible. The value of intangibles is referred to as the company's goodwill, the difference in value between the Company's hard assets and its true value.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. 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. Pursuant to accounting convention, most assets are reported on the books of the subject company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair value wherever possible. Further, the balance sheet values are to be adjusted for any contingent liabilities that are likely to materialize.

Intrinsic value is at the core of fundamental analysis since it is used in an attempt to calculate the value of the total assets of the business and then compare it with the fair value.

Income Approach

The income approaches determine fair value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches, including Capitalization of Earnings or cash flows, Discounted Future Cash Flows ("DCF"), and the Excess Earnings Method (which is a hybrid of asset and income approach of benefit stream to which it is applied). This approach of valuation quantifies the net present value of future benefits associated with ownership of the equity interest or asset. The estimated future benefits that accrue to the owner are

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018
Mobile: +91 9911077439
Email: manwanimanish@yahoo.in

discounted or capitalized at a rate appropriate for the risks associated with those future benefits. Common methods within the income approach include the capitalization of earnings (or cash flow) methodology and the discounted cash flow methodology.

Market Approach

The value of a business is determined by comparing the company's accounting ratios with another Company's of the same nature and size. This approach is used, where the value of a stock is estimated based upon its current price relative to variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales of various business of the same nature. Business appraisal includes comparative transaction method and publicly traded company method. Through this, it derives a relationship between performance, revenues and selling price.

This space is intentionally left blank

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018
Mobile: +91 9911077439
Email: manwanimanish@yahoo.in

VALUATION METHODOLOGIES USED

Income Approach

DCF/Profit Earning
Capitalization Method

Not Applied

Market Approach

Comparable Company
Multiple

Applied

Asset Approach

Net Asset Value
Method

Applied

I. Comparable Company Analysis:

Comparable Company Analysis is a relative valuation method. Under this a company's value is assessed from comparisons of similar companies available in the market. I have applied Price to sales (P/S) and Price to Book Value (P/B) multiples for computation of fair value which are as under:

a) Price to Sales Multiple

Figures in INR Lakh except multiple

Revenue for June 30, 2023 (TTM Basis)	2,128.07
Price to Sales Multiple	0.50x
Equity Value	1,066.28

b) Price to Book Value Multiple

Figures in INR Lakh except multiple

Book Value as of March 31, 2023	2,075.46
Price to Book Value Multiple	1.39x
Equity Value	2,894.19

Fair Value through Comparable Companies Multiple

Figures in INR Lakh unless stated otherwise

Market Multiples	Equity Value	Weights	Fair Value
Price to Sales Multiple	1,066.28	0.20	213.26
Price to Book Value Multiple	2,894.19	0.80	2,315.35
Weighted Equity Value			2,528.61
Total No. of shares (in lakh)			862.50
Fair Value Per Equity Share (in INR)			2.93

Note: Details of Comparable Companies are as follows:

Sr. No.	Company	P/Sales	P/BV
1	Shiva Texyarn Ltd.	0.5x	1.41x
2	Lambodhara Textiles Ltd.	0.7x	1.39x
3	Indian Acrylics Ltd.	0.2x	1.63x
4	Reliance Chemotex Industries Ltd.	0.4x	1.05x
5	Vippy Spinpro Ltd.	0.5x	1.24x

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)

IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018

Mobile: +91 9911077439

Email: manwanimanish@yahoo.in

II. Net Asset Value Method:

Net Asset value is computed by subtracting total outstanding liabilities from the total assets of the Company. I have applied Net Asset Value Method to compute fair value as under:

Figures in INR Lakhs unless stated otherwise

NAV Computation of Himachal Fibres Limited as on 31 March 2023	
Particulars	31-Mar-23
Non-Current Assets:	
Property, Plant & Equipment	1,184.26
Right of Use Assets	6.07
Deferred Tax Assets (Net)	182.76
Other Non-Current Assts	1,770.12
Current Assets:	
Inventories	598.97
Trade Receivables	809.09
Cash & Bank	16.18
Current Tax Assets (Net)	37.81
Other Current Assets	62.28
Total Assets	4,667.54
Non-Current Liabilities:	
Long Term Borrowings	56.59
Other Long-Term Liabilities	742.76
Provisions	18.66
Current Liabilities:	
Short Term Borrowings	600.00
Trade Payables	52.99
Other Financial Liabilities	161.32
Other Current Liabilities	787.39
Provisions	22.10
Total Liabilities	2,441.81
Net Asset Value	2,225.73
Less: Contingent Liabilities*	150.28
Net Asset Value Post Adjustment	2,075.46
Total Number of Shares (in Lakh)	862.50
Net Asset Value Per Share in INR	2.41

**As per management representation, contingent liabilities are INR 300.55/- as of valuation date. 50% of contingent liability has been assumed to crystallize in line with the representation made by the management.*

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018
Mobile: +91 9911077439
Email: manwanimanish@yahoo.in

III. Summary:

Based on our valuation analysis of the Company, in our assessment, the fair value per equity share of the Company is INR 2.67/-.

Figure in INR

Computation of Fair Value				
Particulars		Per Share Value	Weight	Weighted Value
Asset Approach-	Net Asset Value Method	2.41	0.50	1.20
Market Approach	Comparable Trading Multiple	2.93	0.50	1.47
Income Approach	PECV/DCF	NA	NA	-
Fair Value Per Equity Share				2.67

This space is intentionally left blank

IV. CAVEATS AND LIMITATIONS

4.1 Purpose and Distribution of Report

The report prepared by Valuers is prepared solely for the purpose as discussed with the management of HFL and should not be used for any other purpose. Except as specifically stated in the report prepared by Valuers, the report and its contents may not be quoted or referred to, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without the prior written approval of Valuers. Except as set forth in this report, the report is prepared for HFL/ Client use only and may not be reproduced or distributed to any third parties without Valuer's prior written consent.

4.2 Scope of Analysis

The appraisal of any financial instrument or business is a matter of informed judgment. The accompanying appraisal has been prepared on the basis of information and assumptions set forth in the attached report, its appendices, our underlying work papers, and these limiting conditions and assumptions.

4.3 Nature of Opinion

Neither the opinion nor the report provided or prepared by Valuers are to be construed as a fairness opinion as to the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation, but, instead, are the expression of Valuer's determination of the fair value of assets between a hypothetical willing buyer and a hypothetical willing seller in an assumed transaction on an assumed valuation date. For various reasons, the price at which the assets might be sold in a specific transaction between specific parties on a specific date might be significantly different from the fair market value as expressed in my report.

4.4 Basis of analysis and Assumptions considered

Valuer's analysis:

- a) is based on the present financial condition and significant business plans of HFL'S assets as of the valuation date;
- b) assumes that as of the valuation date the Client and its assets will continue to operate as configured as a going concern;
- c) assumes that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed; and
- d) assumes that HFL had no undisclosed real or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor had any litigation pending or threatened that would have a material effect on our analysis other than those considered for valuation calculation.
- e) is based on various representations given by the management in relation to the fair value of certain assets & liabilities and future business plans.

MANISH MANWANI

Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/03/2021/14113

Address: Unit No. 125, Tower B-3,
Spaze Itech Park, Sohna Road,
Sector-49, Gurugram, Haryana-122018
Mobile: +91 9911077439
Email: manwanimanish@yahoo.in

4.5 Lack of Verification of Information Provided

With the exception of any audited financial statements provided to Valuers, Valuers has relied on information supplied by HFL without audit or verification. We have assumed that all information furnished is complete, accurate and reflects Client's management's good faith efforts to describe the status and prospects of the Client at the valuation date from an operating and a financial point of view. As part of this assignment, we have relied upon publicly available data from recognized sources of financial, industry, or statistical information, which have not been verified.

4.6 Subsequent Events

The terms of Valuer's as discussed with the management of the Company are such that Valuers have no obligation to update this report or to revise the valuation because of events and transactions occurring subsequent to the date of the valuation unless Valuers are engaged to provide valuations in the future.

4.7 Legal Matters

I assume no responsibility for legal matters including interpretations of either the law or contracts. I have made no investigation of legal title and have assumed that all owners' claims to property are valid. I have given no consideration to liens or encumbrances except as specifically stated in financial statements provided to us. I have assumed that all required licenses, permits, etc. are in full force and effect. I assume that all applicable federal, state, local zoning, environmental and similar laws and regulations have and continue to be complied with by Client. I assume no responsibility for the acceptability of the valuation approaches used in my report as legal evidence in any particular court or jurisdiction. The suitability of Valuer's report and opinion for any legal forum is a matter for Client and Client's legal advisor to determine.

4.8 Testimony

Valuer and its employees, consultants and agents shall not provide any testimony or appear in any legal proceeding unless Valuers coordinate such testimony.

This space is intentionally Left Blank

f