Recommendation of fair value per Equity Share of

MACRO INTERNATIONAL LIMITED
(L74120UP1993PLC015605)

For the purpose of
Preferential Allotment of Shares

As on
June 30th 2023

Prepared by:

VISHNU KHANDELWAL
Registered Valuer

IBBI Reg. No: IBBI/RV/06/2020/13029
Mem. no: ICAIRVO/06/RV-P00221/2019-20

The information contained herein is of a confidential nature and intended for the exclusive use of the persons for whom it was prepared.

Vishnu Khandelwal
IBBI Registered Valuer
Securities and Financial Assets

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To,

Board of Directors,
MACRO INTERNATIONAL LIMITED

Sub.: Recommendation of fair value per share

We refer to our engagement letter dated 27th July 2023 issued for carrying out the valuation analysis of Equity Shares of MACRO INTERNATIONAL LIMITED (here-in-after referred as "Company") as on June 30th 2023.

In accordance with the terms of the engagement, I am enclosing our report along with this letter.

This Valuation Analysis is confidential and has been prepared exclusively for the Management of Company. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Vishnu Khandelwal (Registered Valuer). Such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures, and we provide consent for the same.

Trust the above meets your requirements.

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

Yours Faithfully,

VISHNU KHANDELWAL
IBBI REG. VALUE
Reg. IBBI/RV/06/20

VISHNU KHANDELWAL
Registered Valuer
IBBI Reg. No: IBBI/RV/06/2020/13029
ICAIRVO/06/RV-P00221/2019-20

Date: 18th August 2023
Place: Jaipur

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EXECUTIVE SUMMARY

Company overview

MACRO INTERNATIONAL LIMITED (MIL) is a company registered under the Companies Act, 2013 (CIN: L74120UP1993PLC015605) incorporated on 3rd August,1993, having its registered office at 'Plaza Kalpana', Ground Floor, 24/147, Birhana Road, Kanpur, UP – 208001.

The equity shares of the Company are listed on BSE Limited from 24th November, 1994, delisted on7th January, 2002 and again relisted on 14th May, 2012.

The Company was engaged in the business of Real estate till 2022. During the Financial Year 2022-23 the Company was Acquired by the New Promoter ACESO RESEARCH LABS LLP through open offer. The Nature of Business has been Changed due to the Change in Management. Now the Company is engaged in the business of manufacture, formulate, process, import, export, deal wholesale and/or retail trade in all kinds of Active pharmaceutical ingredients (Bulk drugs), pharmaceutical formulations, biological drugs, nutraceuticals, dietary supplements, chemicals, surgical instruments, cosmetics, hospital requisites, veterinary medicines, biotech products and other medicinal and allied products, and their related products, machinery and services including conducting drug research and drug trials in India and abroad.

After change in management and adoption of new business line, company started generation revenue from 4th Quarter of FY 2022-23 onwards.

Share capital as on June 30th, 2023

Particulars	Amount (in Rs.)
Authorised Share Capital	
50,00,000 Equity shares of Rs.10/- each	5,00,00,000
Issued, Subscribed & Fully Paid-up Share Capital	
39,74,070 Equity shares of Rs.10/- each*	3,97,40,700

Directors of the company as on June 30th, 2023:

Sno.	Name Of Director	Din	Position
1.	Sudheer Karna Kankanala	07591466	Whole Time Director
2.	Ravikanti Shailaja	07629653	Director
3.	Maggidi Venkatesh	09414495	Additional Director
4.	Hemachakrapani Bangaraiahgari	09718099	Independent Director
5.	Lakshmi Narasimha Anand Kumar Kanuparthi	08926738	Additional Director

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REGISTRED VALUER AND DISCLOSURES

Purpose of Valuation

Management of the company wishes to determine the Fair Value per Equity Share of the company as on June 30, 2023, for preferential allotment of shares as per Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018

Appointing Authority

Mr. Vishnu Khandelwal, Registered Valuer (hereafter known as "RV") has been appointed by management of MIL to determine the Fair Value of Equity Shares of the company having face value of Rs 10/- each as on 30th June 2023.

Scope of Work

Management of MIL appointed Mr. Vishnu Khandelwal, IBBI Registered Valuer (RV) to undertake the valuation to assess the Fair Value of Equity Shares of the company as on valuation date.

Disclosure of valuer interest

I have no present or prospective contemplated financial interest in MIL, and I have no personal interest with respect to the Promoters & Board of Directors of MIL. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement. My professional fee for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

Identity of registered valuer

Mr. Vishnu Khandelwal is a Registered Valuer as required under The Companies (Registered Valuers & Valuation) Rules, 2017. Mr. Vishnu Khandelwal is registered with Insolvency & Bankruptcy Board of India vide registration number IBBI/RV/06/2020/13029. Registered Valuer's primary membership is registered with ICAI Registered Valuers Organization vide registration no ICAIRVO/06/RV-P00221/2019-20.

Valuation Standards

The Fair Value has been arrived in accordance with the Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018 and valuation standard adopted by ICAI Registered Valuers Organisation.

Valuation Date

The Fair Value has been arrived as on June 30th , 2023 as per the requirement of the management.

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LIMITATION, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMER

i. 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. 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.

ii. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the company/business.

iii. The actual market price 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 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 any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price.

iv. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

v. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.

vi. 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. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

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vii. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

viii. Our report is meant for the purpose mentioned above and 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.

APPROACH AND METHODOLOGY

In case of MIL, valuation of shares needs to done as per the regulations of Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018.

Regulation 164(5) prescribes the very first condition to check while valuing listed securities, which reads as below (Abstract):

> ***Pricing of frequently traded shares***
> ***164.***
> *(5) For the purpose of this Chapter, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer*

In the case of MIL, the traded turnover is less than 10%, thus such securities can not be termed as *"frequently traded shares"* and consequently valuation under Regulation 164(5) can not be done.

Under such Regulations, methodology of Pricing of in frequently traded shares have been prescribed under Regulation 165, which reads as follows (Abstract):

> ***Pricing of infrequently traded shares***
> *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:*

The following are commonly used and accepted methods for determining the value of the equity shares of a company / business:

A) **Market Approach**

- Market Price method
- Comparable Companies Multiples method
- Comparable Companies Transaction Multiples method

B) **Income Approach** - Discounted Cash Flows method

C) **Asset Approach** - Replacement Cost Method

A) **Market Approach**

- Market price method

The market price of an equity share/Debenture as quoted on a stock exchange is normally considered as the value of the equity shares/debentures of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may he inbuilt in the value of the shares/debentures. But there could be situations where the value of the securities as quoted on the stock market would not be regarded as a proper index of the fair value of the securities, especially where the market values are fluctuating in a volatile capital market.

In the present case, Though MIL is listed entity, but the business line has been changed from real estate to pharmaceuticals and, company started generation revenue from 4th Quarter of FY 2022-23 onwards. While applying Market Price Method it is imperative to devise a set of comparable companies to come upon fair valuation.
Due to constraints explained above it is unfeasible to compare MIL with similar companies. Accordingly, the Market Price Method has not been adopted for the Valuation.

- Comparable Companies Multiple (CCM) Method

Under this method, value of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc. between the circumstances.

In the present case, Though MIL is listed entity, but the business line has been changed from real estate to pharmaceuticals and, company started generation revenue from 4th Quarter of FY 2022-23 onwards. While applying Market Price Method it is imperative to devise a set of comparable companies to come upon fair valuation.
Due to constraints explained above it is unfeasible to compare MIL with similar companies. Given this background, we have not adopted the CCM approach for the purpose of the Valuation.

- Comparable Companies' Transaction Multiple ('CTM') Method

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Under this method, value of the securities of a company / business is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the present case, Though MIL is listed entity, but the business line has been changed from real estate to pharmaceuticals and, company started generation revenue from 4th Quarter of FY 2022-23 onwards. While applying Market Price Method it is imperative to devise a set of comparable companies to come upon fair valuation.
Due to constraints explained above it is unfeasible to compare MIL with similar companies. Hence, CTM approach has not been adopted for the purpose of our analysis.

B) Income Approach

- Discounted Cash Flows ('DCF') Method

Under the DCF method, the projected free cash flows to the business are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

Estimating future free cash flows:

i. Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital and debt.

ii. Appropriate discount rate to be applied to cash flows i.e. the weighted average cost of capital; this discount rate, which is applied to the free cash flows to the firm, should reflect the opportunity cost to the debt providers and equity capital providers (namely shareholders).

iii. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk. Cost of debt is typically based on market rates.

iv. The Cost of Equity of company determined at 19.74%

- Cost of Capital has been worked out using following formula: [Risk Free Return + (Beta of company * Market Premium) + Liquidity Premium]

- The risk-free rate of return is taken at 7.11% based on return on the Government security, Beta is taken at 1, Risk Premium is taken at 8.63% ,Control Premium is taken at 2% and Liquidity Premium is taken at 2%. Hence, the required rate of return works out to be 19.74%.

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v. After the explicit period, the business will continue to generate cash. In DCF Method, therefore, perpetuity value is also considered to arrive at the business value. For arriving at the perpetuity value, we have considered a growth rate of 1%. In our opinion, such growth rate is reasonable considering the growth projected by the Company and the industry in which the Company operates.

C) Asset Approach – Replacement Cost Method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where from the underlying value of its assets rather than its earnings.

Under the present case, Replacement Cost Method has been used for valuation of the specified company as the company derive values mainly from the underlying value of their respective assets rather than their earnings.

Note:
The valuation of any company / business or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of MIL. Further, this Valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of MIL, and other factors which generally influence the valuation of companies and their assets.

SELECTION OF APPROPRITAE METHOD OF VALUATION

Based on above situation, for deriving the fair value of equity share both Asset approach and Income Approach have been used with following weights:

Valuation Method	Weight
Income Approach - Discounted Cash Flows ('DCF') Method	**1**
Asset Approach – Replacement Cost Method	**1**

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NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON

For the purpose of this valuation, we have relied upon the under mentioned information and other data supplied by the management of the Company and other sources believed to be reliable:

a) Management Certified Financial Statements of MIL as on June 30th, 2023. vide Management Representation Letter dated Aug 6, 2023.

b) Statement of Standalone unaudited financial results of Macro International Limited for the quarter year ended on 30" June, 2023,

c) Projected Profit and Loss Statement and Balance Sheet from July 01, 2023 to March 31, 2024 and from FY 2024-25 to FY 2028-29 vide Management Representation Letter dated Aug 6, 2023.

d) Management Representation Letter dated Aug 6, 2023.

e) Such other information and explanation as may be required by us and provided by the management. We have also placed reliance on the verbal explanations and information given to us by the Promoters/ Directors of the Company.

CONCLUSION

Based on the information provided by the specified companies and on our valuation techniques adopted as above we conclude that-

a) **The fair value of the equity share having nominal value of Rs. 10/- fully paid up is Rs. 28 per share as on the valuation date 30.06.2023.**

Valuation Method	Weight	Value
Income Approach - Discounted Cash Flows ('DCF') Method	1	**42.97**
Asset Approach – Replacement Cost Method	1	**13.06**
Fair Value Per Share		**28.01 or 28**

Detailed working is provided in Annexure attached to this report.

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CONFIDENTIALITY

This report and the information contained herein are absolutely confidential and are intended for the sole use and information of the shareholders and the Board of Directors of MIL and for providing select information, only in connection with the purpose set out in the report. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued.

VISHNU KHANDELWAL
IBBI REG. VALUER
Reg. IBBI/RV/06/2020/13029

VISHNU KHANDELWAL
Registered Valuer
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Date: August 18th , 2023
Place: Jaipur

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Annexure I : Calculation of Fair Value Per Share

Valuation Method	Weight	Value
Income Approach - Discounted Cash Flows ('DCF') Method (Annexure II)	1	**42.97**
Asset Approach – Replacement Cost Method (Annexure III)	1	**13.06**
Fair Value Per Share*		**28.01 or 28**

Annexure II : Calculation of Fair Value Per Share as per Discounted Cash Flow (DCF) Method

a. **Calculation of Present Value of Explicit Period using DCF Method:**

Rs. In Lakhs

PARTICULARS	01-07-2023 to 31-03-2024	2024-25	2025-26	2026-27	2027-28
Profits Before Tax	4.30	50.07	181.84	426.61	741.85
Less: Income Tax	(1.00)	(13.00)	(46.00)	(107.00)	(187.00)
Add: Book Depreciation	0.14	0.12	0.08	0.05	0.03
(Inc)/Dec in Working Capital other than Cash	15.80	6.28	(21.45)	(23.59)	(25.95)
Operating Cash Flows to Equity	**19.24**	**43.48**	**114.47**	**296.07**	**528.93**
Inc/(Dec) in Long Term Debt	-	-	-	-	-
(Inc)/Dec in Fixed Assets	-	-	-	-	-
Free Cash Flows to Equity (FCFE)	**19.24**	**43.48**	**114.47**	**296.07**	**528.93**
Discounting Factor	0.87	0.73	0.61	0.51	0.43
Present Value of FCFE	**16.81**	**31.72**	**69.75**	**150.67**	**224.80**

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b. **Calculation of Equity Value and Value per share:**

Summary	30.06.2023
PV of Total Discrete Period Cash Flows	₹ 4,93,73,644
PV of Terminal Cash Flows based on FCF	₹ 12,12,10,000
Operating Equity Value	**₹ 17,05,83,644**
Add: Cash Balance	₹ 1,78,462
Total Equity Value	**₹ 17,07,62,106**
Number of Equity Shares	39,74,070
Value Per Share	**₹ 42.97**

c. **Calculation of Cost of Equity (Ke):**

Cost of Equity through CAPM:	
Risk Free Rate (Rf) dated June 30th, 2023	7.11%
Equity Risk Premium (Rm - Rf)	8.63%
Beta (β)	1.00
$R_f+\beta*(R_m-R_f)$ **Cost of Equity**	**15.74%**
Liquidity Premium	2.00%
Control Premium	2.00%
Adjusted Cost of Equity	**19.74%**

Calculation of Market Rate of Return:	
Particulars	**Value**
- BSE Sensex value as at Apr 1, 1979	100
- BSE Sensex value as at June 30th , 2023	64,719
	44.28
1-Apr-79	
30-Jun-23	
Market Rate of Return (Rm)	**15.74%**

Annexure – III: Calculation of Fair Value Per Share as Per Replacement Cost Method

a) Calculation of Net Worth and Fair Value per Share

Particulars	Amount in INR
A. Value of Total Assets as on Valuation Date	11,42,41,429.24
B. Value of Total Liabilities as on Valuation Date	6,23,45,760.16
Net Worth (A - B)	5,18,95,669.08
No. of Fully Paid Equity Shares Issued	39,74,070
Fair Value per Equity Share (Fully Paid)	13.06

b) Value of Total Assets as on Valuation Date

Particulars		Amount in INR
Current Assets		₹ 11,42,05,204.24
Loans and Advances (Assets)	₹ 3,40,76,456.00	
Sundry Debtors	₹ 5,21,14,491.86	
Cash in Hand	₹ 6,101.86	
Bank Accounts	₹ 1,72,360.22	
Advance to Suppliers	₹ 1,35,50,000.00	
Advance for Expenses	₹ 3,27,700.00	
Advance Income Tax (2022-23)	₹ 1,70,487.00	
Advance Income Tax (2023-24)	₹ 1,40,600.00	
Advance Paid to RM Suppliers	₹ 1,26,00,000.00	
Deferred Tax Assets	₹ 10,491.00	
Interest Receivable	₹ 1,20,000.00	
Medical Exps. (SKP)	₹ 6,16,516.30	
Rental Deposit	₹ 3,00,000.00	
Fixed Assets		₹ 36,225.00
Accumulated Depreciation	-₹ 7,67,888.00	

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Air Conditioners	₹ 1,01,182.00	
Air Cooler	₹ 1,08,480.00	
Cell phone	₹ 2,89,301.00	
Computer	₹ 2,58,200.00	
Inverter	₹ 15,300.00	
PBX	₹ 17,500.00	
Refrigerator	₹ 14,150.00	
Total Assets		**₹ 11,42,41,429.24**

d. **Value of Total Liabilities as on Valuation Date**

Particulars		**Amount in INR**
Current Liabilities		₹ 6,23,45,760.16
Duties and Taxes	₹ 1,74,582.00	
Sundry Creditors	₹ 5,15,55,483.00	
Advance Received Against PO	₹ 70,00,000.00	
Audit Fees Payable	₹ 30,000.00	
Loan From Harish	-₹ 25,000.00	
Loan From Nikhil	₹ 33,38,431.00	
Provision for Expenses	₹ 1,06,000.00	
Salary Payable	₹ 70,000.00	
Provision for Taxes	₹ 96,264.16	
Other Liabilities		0
Total Assets		**₹ 6,23,45,760.16**