



GOPAVARAPU MURALI REDDY., FCA

Registered Valuer (Securities or Financial Assets) Under IBBI
Registration No. IBBI/RV/02/2019/11566

**VALUATION
OF
EQUITY SHARES
OF**

**K&R RAIL ENGINEERING LIMITED
CIN: L45200TG1983PLC082576**

Prepared by:

GOPAVARAPU MURALI REDDY
(IBBI Registered Valuer)

507, Everest Block, Aditya enclave, Ameerpet,
Hyderabad, Telangana-500038.

RV Registration No – IBBI/RV/02/2019/11566



Date: January 16, 2023

To,

K&R RAIL ENGINEERING LIMITED,
12-5-32/8, Bhatukammakunta Vijapuri,
South Lallaguda, Secunderabad, Hyderabad,
Telangana, 500017, India,

Dear Sir,

Sub: Valuation Analysis of the Equity Shares of K&R RAIL ENGINEERING LIMITED

I refer to our engagement letter dated January 10, 2023 for carrying out the valuation of Equity Shares of K&R RAIL ENGINEERING LIMITED (here-in-after referred as "Company" or "K&R RAIL"). In accordance with the terms of the engagement, I am enclosing my report along with this letter. In attached report, I have summarized my Valuation analysis of the Shares together with the description of methodologies used and limitation on my Scope of Work.

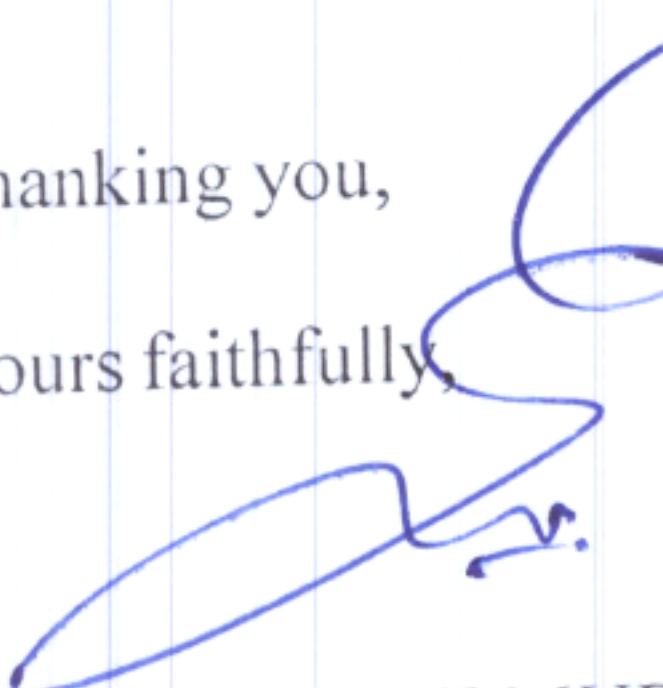

Based on my assessment and in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A r.w. Sub-Regulation 1 of Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended from time to time, the Floor Price of the Equity Share of the Company having Face Value of Rupees 10.00 each has been arrived at **Rs. 71.45/-** In case you require any further assistance, please feel free to contact me.

This Valuation Analysis is confidential and has been prepared for you for providing the same to government or regulatory authorities and this report can be provided to potential investor of K&R RAIL for enabling compliance under various laws as detailed hereinafter in this report. It should not be used, reproduced or circulated to any other person, in whole or in part, without my prior consent. Such consent will only be given after full consideration of the circumstance at that time. I trust that above meets your requirements.

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

Thanking you,

Yours faithfully,



GOPAVARAPU MURALI REDDY
Registered Valuer
IBBI Reg.No. IBBI/RV/02/2019/11566
UDIN: 23234971BGVFNT4188
VRN: IOV/2022-2023/3620

Place: Hyderabad

1. BACKGROUND OF THE COMPANY:

History:

K&R RAIL ENGINEERING LIMITED, ("K&R RAIL") is Public Limited Company incorporated under the Companies Act, 1956 on August 30, 1983, having its registered office at 12-5-32/8, Bhatukammakunta Vijapuri, South Lallaguda, Secunderabad, Hyderabad, Telangana, 500017, India. The Company Identification Number (CIN) of the company is L45200TG1983PLC082576. Equity Shares of K&R RAIL are listed on BSE Limited.

K&R Rail Engineering Ltd (Formerly Axis Rail India Ltd) was founded with a vision to cater to the ever growing demand for Mass Transportation & Bulk Logistics of Goods & Materials through the Indian Railway networks. Holding the domain expertise and rich experience of nearly Three Decades, today Company stand as the Leading Railways EPCC Conglomerate in India have executed Major Bridges & Earthwork, Supply of P. Way Material for prestigious clients on Turnkey.

Capital Structure of the Company;

Particulars	Amount (in Rs.)
Authorised Share Capital	
Equity Shares	
3,10,00,000 equity shares of ₹ 10/- each	31,00,00,000
Preference Shares	
2,40,50,000 7% Optionally Convertible Preference Shares equity shares of ₹ 10/- each	24,05,00,000
Issued, subscribed and fully paid-up	
Equity Shares	
1,57,80,105 equity shares of ₹ 10/- each fully paid-up	1,57,80,1050
Less: Unpaid calls on 750 shares of Rs.10/-each	7,500
Paid up Equity Share Capital	15,77,93,550
Preference Shares	
1,41,14,556 equity shares of ₹ 10/- each fully paid-up	14,11,45,560



Board of Directors and Other Key Managerial persons

Full Name	Designation	DIN/DPIN/PAN	Date of Appointment
Suresh Solanki	Director	02550445	22/08/2022
Amit Bansal	CEO(KMP)	ACFPB7608E	17/11/2017
Amit Bansal	Wholetime Director	06750775	16/04/2019
Maniza Khan	Director	07146123	31/03/2015
Sukesh Kumar Sharma	Director	07956766	04/10/2021
Latha Pamula	Company Secretary	CHMPP2970H	16/08/2022
Sanjay Kotthapalli	Director	08449196	19/03/2021
Rabindra Kumar Barik	Director	08773785	01/07/2020
Prahallada Rao	CFO(KMP)	AKMPR1779B	06/09/2021

2. PURPOSE:

K&R RAIL intends to issue Equity Shares on preferential basis to meet its funding requirement. In this regard, K&R RAIL has engaged me to carry out valuation of Equity Shares of the Company as per requirements of Sub-Regulation 1 of Regulation 166A r.w. Sub-Regulation 1 of Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, on the relevant date being January 11, 2022.

3. KEY DATES:

Appointing Authority- Audit Committee of the K&R RAIL

Appointment Date: January 10, 2023

Valuation Date/Relevant Date: January 11, 2023

Report Date: January 16, 2023

4. IDENTITY OF VALUER:

I am independent Registered Valuer as required under the Companies (Registered Valuer & Valuation) Rules, 2017 registered with Insolvency & Bankruptcy Board of India having registration no. IBBI/RV/02/2019/11566. No other Experts are involved in this valuation exercise.

5. PECUNIARY INTEREST DECLARATION:

I do not have pecuniary interest in the Shares of K&R RAIL, past, present or prospective, and the opinion expressed is free of any bias in this regard. I strictly follow the code of conduct of the Registered Valuation Organization of IBBI.




6. SOURCES OF INFORMATION:

I have been provided the following information for the valuation analysis:

- MOA & AOA of K&R RAIL;
- Annual Report for the year ended on March 31, 2022, March 31, 2021 and March 31 2020;
- Un-Audited results for the Quarter ended 30th June 2022 and 30th September 2022.
- Trading History Data of Equity Shares of K&R RAIL for last one year from relevant Date;
- Written Representations made by the Company in course of the valuation exercise;
- Other related information from various sources;

Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope.

Discussions (in person / over call) with the management to: Understand the business and fundamental factors that affect its earning- generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance. During the discussions with the management, I have also obtained explanations and information considered reasonably necessary for this exercise.



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7. VALUATION PARAMETERS/METHODS

- I. Net Asset Value (NAV)
- II. Price Earning Capacity Value (PECV)
- III. Market Value.

I. Net Asset Value (NAV)

The Net Assets Method represents the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date. Net asset will be calculated starting from the total assets of the company and deducting there from all debts, borrowing and liabilities, including current and Likely contingent Liability and preference capital if any. In other words it should represent true net worth of business after providing for all outside present and potential liabilities. In the case of companies, the net assets value calculated from assets side of the balance sheet in the above manner will be crossed checked with equity share capital plus free reserve and surplus, less likely contingent liabilities.

II. Price Earning Capacity Value (PECV)

The profit-earning capacity value will be calculated by capitalising the average of the after-tax profits at the following rates;

- I. 15% in the case of manufacturing companies.
- II. 20% in the case of trading companies.
- III. 17.5% in the case of “intermediate companies”, that is to say, companies whose turnover from trading activity is more than 40%, but less than 60% of their total turnover.

The crux of estimating the profit-earning capacity value lies in the assessment of the future maintainable earnings of the business. While the past trends in profits and profitability would serve as a guide, it should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is of greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must, therefore, be given due consideration.

III. Market Value:

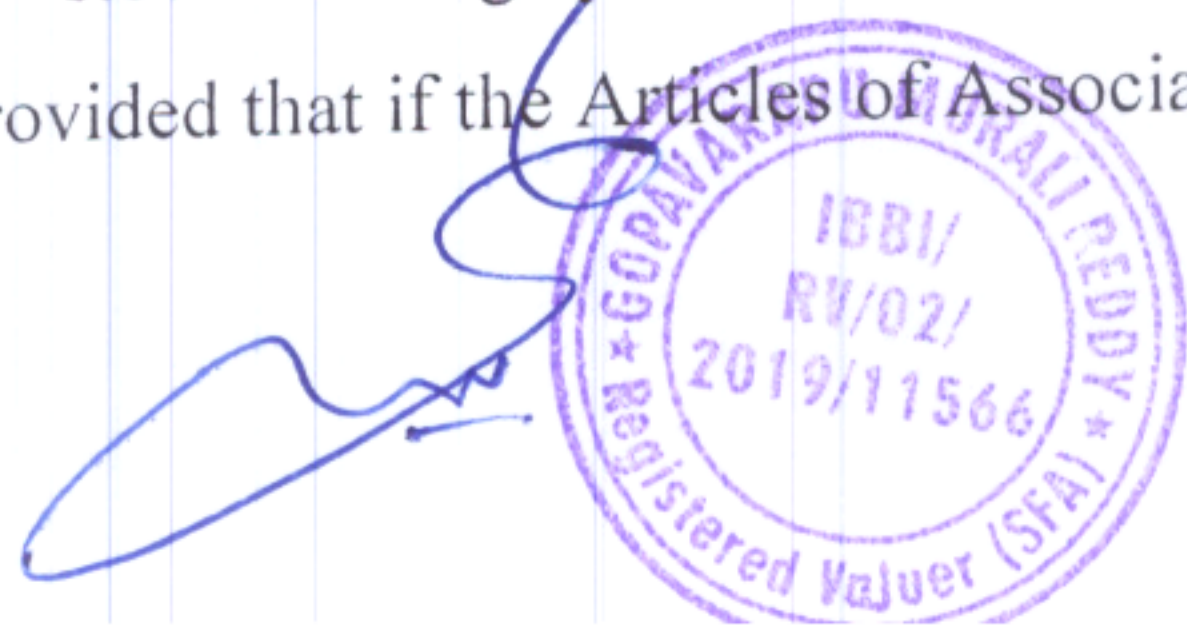
The Equity Shares of Company are listed on Bombay Stock Exchange Limited (BSE) for a period of more than 90 trading days as on the relevant date i.e. Wednesday , January 11, 2023 and are frequently traded in accordance with SEBI ICDR Regulations.

In case of “frequently traded shares (Regulation 164(1) of the SEBI ICDR Regulations:

If the equity shares of the Company have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following;

- a. the 90 trading days’ volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days’ volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results



in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

Articles of Association of the Company do not provide for any particular method of determination which results in a floor price higher than that determined under SEBI ICDR Regulations.

The Company's Equity Share are listed on BSE Limited accordingly, "BSE Limited" is the Stock exchange on which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.

8. VALUATION ANALYSIS:

In terms of first Proviso to the Sub-Regulation 1 of Regulation 166A r.w. Sub-Regulation 1 of Regulation 166A and Sub-Regulation 1 of Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and by using the Valuation Parameters, the following is the Valuation Analysis of Equity Shares of the Company.

Sr. No.	Valuation Parameters	Value per Equity Share (in Rupees)
1.	Price Earning Capacity Value Method	22.80
2.	Market Value Method	71.45
3.	Net Assets Value Method	26.52

For, detailed working calculation of Value of Equity Share, please refer;

Annexure 1 - For Net Assets Value Method

Annexure 2 - For Price Earning Capacity Value Method

Annexure 3 - For Market Value Method

Sr. No	Method	Value per Equity Share (in Rupees) (A)	Weights (B)	Weighted (C=A*B)
1.	Price Earning Capacity Value Method	22.80	20%	4.56
2.	Market Value Method	71.45	60%	42.87
3.	Net Assets Value Method	26.52	20%	5.30
		Total (D)	1	52.74
Floor Price (In Rupees) (Total of C / D)				52.74

9. CONCLUSION:

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the documents available with us but which will strongly influence the worth of a Shares and Debentures.



In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, I conclude as under;

Sr. No.	Provisions	Minimum Floor Price (in Rupees)
A	Floor Price in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A of the SEBI ICDR Regulations	52.74
B	Floor Price in terms of the Sub-Regulation 1 of Regulation 164 of the SEBI ICDR Regulations	71.45

Accordingly, the Floor Price of the Equity Share of the Company having Face Value of Rupees 10.00 each in terms of Chapter V of SEBI ICDR Regulations as at relevant date is **INR 71.45 (Rupees Seventy one And Forty Five Paise)**.

10. CAVEATS, LIMITATIONS AND DISCLAIMERS:

My report is subject to the scope 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. My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

I have provided an assessment of the value based on the information available, application of certain formula and within the scope and constraints of our engagement, others may place a different value to the same. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

The company and its representatives warranted to us that the information supplied to us was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to us has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the historical provided to us and, accordingly, i do not express any audit opinion or any other form of assurance on this information. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. In the course of the valuation, i were provided with both written and verbal information. I 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.

My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.

My work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, I am unable to and do not express an

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opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and it is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

I have no responsibility to update this report for events and circumstances occurring after the date of this report. My fees is not contingent to the results or output of this report. I will not be responsible to appear in front of Companies act, income tax, RBI or any other regulatory authority in relation to the said valuation.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the K&R RAIL and my work and my finding shall not constitute a recommendation as to whether or not K&R RAIL should carry out the transaction. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents my opinion, based on information furnished to us by the client and other sources. Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence proceduresto ensure that they are making an informed decision.

My report is meant for the purpose mentioned in point 2 of this report and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

I acknowledge that I am independent valuer and have no present or contemplated financial interest in the Company. My fees 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. I have not been engaged by the Company in any unconnected transaction during last five years.

Neither me, nor any managers, employees of my firm makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

Thanking you,
Yours faithfully,



GOPAVARAPU MURALI REDDY
(IBBI Registered Valuer)
Flat No.507, Everest Block, Aditya enclave, Ameerpet,
Hyderabad, Telangana-500038.
RV Registration No – IBBI/RV/02/2019/11566

CA GOPAVARAPU MURALI

(FCA, IBBI Registered Valuer No. IBBI/RV/02/2019/11566)

Flat no 507, Everest Block, Aditya Enclave , Ameerpet

Hyderabad, Telangana-500038.

Email: muraligopavarapu@gmail.com, Contact number - +91 8885928406

Annexure-1

Valuation of Equity Shares of K&R RAIL under NAV Method:

Calculation of Net Assets Value of the Company as at September 30, 2022

Particulars	Amount in Lakhs.
Total Assets	14,050
Total Liabilities	9,865
Net worth	4,185
No. of Equity Shares Issued, Subscribed and paid up (in lakhs)	157.80
Book Value per Share in Rupees	26.52




Annexure-2

Valuation of Equity Shares of K&R RAIL under PECV Method:

Amount in Lakhs

Particulars	2021-22	2020-21	2019-20	Total
Total Revenue	19,530.05	12,993.66	12,924.82	45,448.53
Profit Before Tax	857.91	600.91	599.80	2,058.62
Weights	3	2	1	6
Product	2,573.73	1,201.82	599.80	4,375.35
Weighted Average Profit Before Tax				729.23
Tax @26% (Assumed)				189.60
Future Maintainable Profit				539.63
Capitalization rate @15%				3,597.51
No of Shares				157.80
Fair Value under PECV Method				22.80



Valuation of Equity Shares of K&R RAIL under Market Price Method

(Source: BSE Limited)

Average of the volume weighted average price (VWAP) of the equity shares of K&R RAIL ENGINEERING LIMITED quoted on the BSE Limited during the 90 trading days preceding the relevant date (considering relevant date as 11/01/2023)

Days	Date	No. of share Traded	Total Turnover (Rs.)	Days	Date	No. of share Traded	Total Turnover (Rs.)
1	10-Jan-23	10378	7,52,367	46	7-Nov-22	11901	10,74,212
2	9-Jan-23	19515	14,96,971	47	4-Nov-22	7668	6,59,448
3	6-Jan-23	37521	28,89,172	48	3-Nov-22	212946	1,65,35,192
4	5-Jan-23	14234	10,75,433	49	2-Nov-22	19126	15,27,211
5	4-Jan-23	12084	8,70,993	50	1-Nov-22	3141	2,38,873
6	3-Jan-23	13589	9,28,012	51	31-Oct-22	11519	8,34,211
7	2-Jan-23	12395	8,05,738	52	28-Oct-22	175774	1,16,46,688
8	30-Dec-22	12231	7,66,604	53	27-Oct-22	15040	9,94,866
9	29-Dec-22	23817	15,87,033	54	25-Oct-22	82339	51,62,986
10	28-Dec-22	7740	5,10,840	55	24-Oct-22	76124	44,53,176
11	27-Dec-22	12163	7,59,552	56	21-Oct-22	294391	1,59,56,656
12	26-Dec-22	3284	1,90,448	57	20-Oct-22	380892	1,67,54,709
13	23-Dec-22	28272	16,09,744	58	19-Oct-22	245424	1,10,53,211
14	22-Dec-22	4020	2,41,665	59	18-Oct-22	154626	57,77,996
15	21-Dec-22	12996	8,27,809	60	17-Oct-22	211849	66,41,466
16	20-Dec-22	7882	5,10,202	61	14-Oct-22	18449	4,79,592
17	19-Dec-22	8542	5,57,042	62	13-Oct-22	5435	1,49,070
18	16-Dec-22	7307	4,71,741	63	12-Oct-22	59259	16,12,853
19	15-Dec-22	5409	3,55,025	64	11-Oct-22	4449	1,23,100
20	14-Dec-22	17377	11,22,886	65	10-Oct-22	3042	82,442
21	13-Dec-22	11265	7,38,529	66	7-Oct-22	9037	2,54,931
22	12-Dec-22	46826	29,56,407	67	6-Oct-22	22565	6,27,989
23	9-Dec-22	38336	25,45,386	68	4-Oct-22	14732	4,01,996
24	8-Dec-22	7515	5,19,286	69	3-Oct-22	6213	1,67,251
25	7-Dec-22	33561	26,32,564	70	30-Sep-22	5960	1,57,676
26	6-Dec-22	22709	17,30,281	71	29-Sep-22	10715	2,88,822
27	5-Dec-22	30517	22,11,390	72	28-Sep-22	15066	3,90,691
28	2-Dec-22	9836	6,83,110	73	27-Sep-22	5703	1,47,597
29	1-Dec-22	15478	10,07,908	74	26-Sep-22	10547	2,70,141
30	30-Nov-22	27038	17,16,818	75	23-Sep-22	3515	92,330
31	29-Nov-22	32336	21,88,204	76	22-Sep-22	7410	1,96,855
32	28-Nov-22	77718	54,00,376	77	21-Sep-22	4847	1,29,081
33	25-Nov-22	230063	1,77,07,021	78	20-Sep-22	12753	3,46,819

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34	24-Nov-22	14703	11,26,984	79	19-Sep-22	9482	2,59,689
35	23-Nov-22	85702	59,26,990	80	16-Sep-22	7673	2,13,561
36	22-Nov-22	166508	1,17,13,527	81	15-Sep-22	9990	2,80,601
37	21-Nov-22	2059	1,50,718	82	14-Sep-22	20393	5,78,040
38	18-Nov-22	8955	6,89,982	83	13-Sep-22	44972	13,14,847
39	17-Nov-22	3728	3,02,340	84	12-Sep-22	43705	12,86,676
40	16-Nov-22	2743	2,34,115	85	9-Sep-22	12187	3,38,559
41	15-Nov-22	11627	10,44,104	86	8-Sep-22	51157	14,16,763
42	14-Nov-22	27169	25,67,568	87	7-Sep-22	24456	6,40,685
43	11-Nov-22	153006	1,56,36,307	88	6-Sep-22	42358	1105840
44	10-Nov-22	109610	1,05,58,870	89	5-Sep-22	27297	713765
45	9-Nov-22	18992	18,00,441	90	2-Sep-22	32734	850642
Total Turnover							22,63,48,308
Total Number of Shares traded							39,07,617
Average Value							57.92



Average of the volume weighted average price (VWAP) of the equity shares of K&R RAIL ENGINEERING LIMITED quoted on the BSE Limited during the 10 trading days preceding the relevant date (considering relevant date as 11/01/2023)

Days	Date	No. of share Traded	Total Turnover (Rs.)
1	10-Jan-23	10378	7,52,367
2	9-Jan-23	19515	1,49,6971
3	6-Jan-23	37521	28,89,172
4	5-Jan-23	14234	10,75,433
5	4-Jan-23	12084	8,70,993
6	3-Jan-23	13589	9,28,012
7	2-Jan-23	12395	8,05,738
8	30-Dec-22	12231	7,66,604
9	29-Dec-22	23817	15,87,033
10	28-Dec-22	7740	5,10,840
Total		163504	1,16,83,163
Average Price (Total Turnover/Total Shares)			71.45

A	Average of 90 trading days VWAP	57.92
B	Average of 10 trading days VWAP	71.45
C	Applicable Minimum Price (Higher of the A or B)	71.45

