

Valuation Analysis

Issuance of Equity Shares of Supreme Power Equipment Limited



13th June 2025

Strictly Private and Confidential





To,
The Board of Directors
Supreme Power Equipment Limited
55, Sidco Industrial Estates, Thirumazhisai,
Thirumushi, Tiruvallur, Poonamallee,
Tamil Nadu, India, 600124.

Ref. No.: CPV/RV/2025-26/022

Subject: Valuation Analysis of Equity Shares of Supreme Power Equipment Limited ("Company") as per SEBI (ICDR) Regulations for the issuance of Equity Shares.

Dear Sir/Madam,

We, **Corporate Professionals Valuation Services Private Limited**, an Insolvency and Bankruptcy Board of India ("IBBI") Registered Valuer ("herein-after-referred as "**Valuer**") have been appointed as valuers by **Supreme Power Equipment Limited** ("Company"/ "Client") to assist in determination of the fair value of equity shares of the Company for allotment of equity shares on preferential basis to certain proposed allottees as per regulation 164 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 and section 23, 62 and 42 of the Companies Act, 2013.

The underlying transaction is the preferential issue of equity shares of the Company to certain proposed investors. The Company is listed on the NSE Emerge and is frequently traded.

Based on our valuation analysis of the equity shares of **Supreme Power Equipment Limited** and subject to the notes and comments provided herein, we hereby certify that the fair value per equity share of the Company is **INR 164.93/-**

This certificate is being issued in compliance with the aforesaid regulatory purpose only: We further undertake that we are an independent valuer having no present or future interest in any transaction of the Company.

Thanking you
For Corporate Professionals Valuation Services Private Limited
(Registration No. IBBI/RV-E/02/2019/106)

Date: 13th June 2025
Place: New Delhi

A blue circular stamp of Corporate Professionals Valuation Services Pvt. Ltd., New Delhi, is placed over the signature of Sanchit Vijay, Director. The signature is in blue ink and is written over the stamp.
Sanchit Vijay
(Director)

Enclosures:

- Annexure I: Scope of Work
- Annexure II: Valuation Approaches and Workings
- Annexure III: Provisional Financial Statements for the period ended 31st March 2025.
- Annexure IV: Caveats

ANNEXURE I: SCOPE OF WORK

A. Purpose Of Valuation and Appointing Authority

Based on the discussions held with the Management, we understand that the Company is proposing preferential allotment of Equity Shares to certain investor(s) in terms of Regulation 164 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 (SEBI (ICDR) Regulations') and section 23, 62 and 42 of the Companies Act, 2013. Thus, we, being a Registered Valuer, have been engaged as per the engagement letter dated **11th June 2025**, we are issuing this certificate for compliance with Chapter V of SEBI (ICDR) Regulations.

B. Identity Of Client and Other Intended Users

Supreme Power Equipment Limited

55, Sidco Industrial Estates, Thirumazhisai,
Thirumushi, Tiruvallur, Poonamallee,
Tamil Nadu, India, 600124.

C. Identity Of Valuer and Other Experts

Corporate Professionals Valuation Services Private Limited

Registered Valuer (IBBI)

Registration No. IBBI/RV-E/02/2019/106

D. Background Information of The Asset Being Valued

Supreme Power Equipment Limited is a listed public limited company incorporated on 21 June 2005, bearing CIN **L31200TN2005PLC056666**. The company is registered with the Registrar of Companies, Chennai and is classified as a non-government entity limited by shares. The registered office of the Company is situated at **55, SIDCO Industrial Estates, Thirumazhisai, Thirumushi, Tiruvallur, Poonamallee, Tamil Nadu, India, 600124**. It is engaged in the business of manufacturing, assembling, and supplying electrical power equipment, primarily catering to the power transmission and distribution sector. The Company specializes in the production of control panels, distribution boards, and related apparatus, contributing to critical infrastructure needs across industrial and utility segments.

- **Date of Appointment** – 11th June 2025 as per Engagement Letter
- **Valuation Date** – Based on 31st March 2025 Financials
- **Date of Report** – 13th June 2025
- **Base of value** – Fair Value
- **Valuation Currency** – INR

E. Procedures Adopted and Valuation Standards Followed

We have performed this valuation in accordance with the internationally accepted valuation standards and customary valuation practices in India for such purposes.



F. Nature And Sources of Information Used or Relied Upon

We have reviewed the following documents including but not limited to:

- Discussions with the KMPs.
- Provisional Balance Sheet Statement and Profit and Loss Statement for the period ending March 31st, 2025.
- Projections of the company beginning from 01st April 2025 to 31st March 2031.
- Capital line Database and other information in the public domain.
- Management Representation

G. Extent Of Investigation Undertaken

We have taken due care in performing valuation procedures and have also applied appropriate discount rates considering the riskiness of the business plan. However, we would like to expressly state that though we have reviewed the financial data for the limited purpose of valuation assessment, but we have not performed an Audit and have relied upon the historical as well as future financials (P&L Account and Balance Sheet) as prepared and submitted to us by the management of the company. It may so happen that the projections do not materialize but the management has represented to us that it has taken due care in the preparation of such forecasts of financial statements and the same may be considered as a true and fair view of the expected business plan of the company.



ANNEXURE II: VALUATION APPROACHES AND WORKINGS

There are three approaches to Valuation namely Income, Asset and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	Net Asset Value (NAV) Method	<p>The Asset-based method views the business as a set of assets and liabilities that are used as building blocks of business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes the historical cost of net assets only without recognizing its present earnings, the comparative financial performance of its peers and their enterprise values, etc. Therefore, in general, Net Asset Value only reflects the minimum proxy value of the company.</p> <p>In the instant case, we have considered this methodology for the valuation exercise of the Company. However, the company is operating under going-concern assumption we have not given this weightage in the determination of fair value of equity share.</p>
Market	Company Comparable Multiple (CCM) Method	<p>This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g. Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs.</p> <p>This method takes the impact of price fluctuation in reference to market and industry. This method also comes under Market Approach, so We have considered 90-10 days method instead of multiple method because that is more appropriate in instant case.</p>
	90 Trading-10 Trading Days	<p>The Company's shares are listed on the NSE Emerge, with a frequency of trading observed on the exchange. To determine the equity value in accordance with Regulation 33 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, which references Regulation 164 of SEBI ICDR Regulation, 2018, the following criteria are considered for frequently traded shares:</p> <p>The equity shares' price for preferential issue should not be less than the higher of:</p> <ul style="list-style-type: none"> • The 90 trading days volume weighted average price (VWAP) of the related equity shares quoted on the recognized stock exchange preceding the relevant date. • The 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date. <p>This method takes the impact of price fluctuation in reference to market and industry. We have considered this methodology in instant cases.</p>
Income	Discounted Free Cash Flow (DFCF) Method.	<p>The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to the Firm and discounting the same with the Weighted Average cost of capital (WACC). The DFCF methodology is the most appropriate basis for determining the earning capability of a business.</p> <p>In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex are being met.</p> <p>We have considered this methodology for the calculation of the fair equity value of the Company based on its consolidated cash flow. After considering its business plan. We have calculated the Enterprise value and then derived the Equity value by adjusting its debt, cash and cash equivalents, and surplus assets on the date of valuation.</p>



Computation of Equity value**Asset Approach****Net Asset Value (NAV) Method:**

Particulars	All Amount INR Million
Equity Share Capital	249.91
Reserve and Surplus	675.07
Net Asset Value as on 31.03.2025	924.98
Appreciation/Diminution of Investment or Tangible Assets	-
Adjusted Net worth	924.98
Number of Shares as on 31.03.2025	2,49,91,135
Value per Equity share (INR) as on 31.03.2025	37.01

Market Approach**90 Trading Days – 10 Trading Days**

Particular	Amount in INR
Total Value of the Shares trading of 90 TD	79,28,49,500.00
Total No. of shares Traded in 90 TD	64,62,500
90 TD VWAP	122.68
Total Value of the Shares trading of 10 TD	1,32,29,575.00
Total of No. of Shares Traded in 10 TD	78,500
10 TD VWAP	168.53
Maximum Price per share	168.53

Note: We have considered 13th June 2025 as the relevant date for the valuation exercise while using 90-10 Trading Days Method.



Income Approach

Discounted Free Cash Flow to Firm (DFCF):

Discounted Free Cash Flow Analysis - Supreme Power Equipment Limited

WACC:	17.68%						
GROWTH RATE:	5.00%	Amount in INR Million					
FY	2026	2027	2028	2029	2030	2031	Terminal
Particulars							
Revenue from Operations	2,780.20	3,235.70	3,671.60	4,482.80	5,212.60	6,215.10	
Other Income	4.80	6.70	9.10	11.50	14.20	17.30	
PBT (Excluding Other Income)	484.81	564.38	640.42	784.20	915.15	1,095.21	
Less: Direct Taxes Paid	122.02	142.04	161.18	197.37	230.33	275.64	
PAT (Excluding Other Income)	362.79	422.33	479.24	586.83	684.83	819.57	
Add: Depreciation	43.90	50.00	59.70	65.80	71.90	78.00	
Less: Capital Expenditure	437.62	100.10	67.70	73.30	73.50	73.40	
Add: Interest (post-tax)	39.74	37.57	33.75	29.63	26.34	23.57	
Less: Change in Non-Cash Working Capital	89.62	68.70	59.20	82.30	8.30	63.80	
Free Cash Flows to Firm	(80.80)	341.10	445.78	526.66	701.27	783.94	6,679.56
Discounting Factor	0.92	0.78	0.67	0.57	0.48	0.41	0.41
Present Value of Cash Flow	(74.49)	267.20	296.74	297.91	337.09	320.22	2,728.43
Enterprise Value	4,173.11						
Less: Minority Interest as on 31.03.2025	36.86						
Less: Borrowings as on 31.03.2025	187.46						
Less: Deferred Tax Liability as on 31.03.2025	3.27						
Add: Non-Current assets as on 31.03.2025	55.75						
Add: Cash & Bank Balances as on 31.03.2025	57.99						
Add: Deposits with Banks and Interest Accrued as on 31.03.2025	2.55						
Equity Value	4,061.82						
Number of Shares	2,49,91,135						
Equity Value per Share	162.53						

Note:

For the valuation of equity shares through DCF methodology, we have relied upon the projections provided by the management for the period beginning 1st April 2025, and ending March 31, 2031, duly supplemented by its Terminal Value based on the Gordon Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 5% to perpetuity.



DCF Assumptions:

Particulars	Notes	
Risk free rate (Rf) as on 28.03.2025	6.58%	Considering of long-term Indian government bond rate
Market Rate of Return	15.02%	BSE Sensex returns on a long-term basis
Industry Beta... (β)	0.99	We have considered a leveraged beta of 0.99, derived from comparable listed peers, and subsequently relevered it based on the Company's debt-to-equity ratio.
Additional Company Specific (Including Small Company) Risk Premium (Unsystematic Risk) (CSRP)	5.00%	We have given a 5 % additional risk premium looking into company profile, financial structure, and ROI an investor will investigate while investing in this type of company. This is also dependent upon the level of aggressiveness of the future cash flows, the present scenario of the country and the company environment in which it is operating.
Cost of Equity (Ke)	19.90%	As per Modified CAPM model i.e. $[K_e = R_f + \beta(R_m - R_f) + CSRP]$
Cost of Debt	9.00%	As represented by the management of the Company
Equity portion in capital structure	83.15%	As per financials provided by the company as on 31 st March 2025
WACC	17.68%	$WACC = (K_e * \% \text{ Equity in Capital Structure}) + (\text{Cost of Debt} * \% \text{ Debt in Capital Structure} * (1 - \text{Tax Rate}))$
Growth Rate	5%	As the perpetuity growth rate assumes that the Company will continue its historic business and generate Free Cash Flows at a steady state forever. Since terminal value constitutes a major proportion of the entire value of the business, we while deciding the terminal growth rate have given emphasis to economic factors & financial factors like Inflation of the Country, GDP growth of the Country, Projected Financials, Historical Financial Position, Organic & Inorganic growth strategies of the Company etc. Accordingly, for perpetuity, we have considered 5% growth rate.



Computation of Fair Value of Supreme Power Equipment Limited:

Fair Value of Supreme Power Equipment Limited				
				All Amount INR
Approach Applied	Methodology Applied	Weight	Equity Value per share	Weighted Average Equity Value per share
Asset	Net Asset Value Method	0%	37.01	-
Income	Discounted Cash Flow Method	60%	162.53	97.52
Market	90-10 Days	40%	168.53	67.41
Weighted Average Equity Value per share as on 31.03.2025				164.93

Based on our analysis of the Company and subject to our comments and caveats as further detailed in this report, we have arrived at the value per equity share of the Company as INR 164.93/-.



Annexure III:**Provisional Balance Sheet as on 31st March 2025:**

Particulars	Amount in INR Million
Equity Share Capital	249.91
Other Equity	675.07
Minority Interest	36.86
Total Equity	961.83
Non-Current Liabilities	95.77
Current Liabilities	520.72
Total Equity and Liabilities	1,578.32
Non-Current Assets	695.43
Current Assets	882.89
Total Assets	1,578.32

Provisional Profit and Loss Statement for year ended 31st March 2025:

Particulars	Amount in INR Million
Revenue From Operations	1,487.17
Other Income	8.18
Total Income	1,495.35
Total Operating Expenses	1,204.70
EBITDA	290.65
Depreciation & Amortization	4.73
Finance Cost	25.43
Profit Before Tax (PBT)	260.50



Annexure IV: Caveats

- This Valuation Report has been issued on the specific request of **"Supreme Power Equipment Limited"** for determining the value of the Equity Share of the Company in accordance with the SEBI (ICDR) Regulations. This Report is prepared exclusively for the above-stated purpose and must not be copied, disclosed, circulated, or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without our prior written consent.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- In Accordance with the customary approach adopted in the Valuation exercise, we have summarized the Valuation Analysis of equity shares of the Company based on the information as was provided to us by the management of the Company both written, verbal, and other publicly available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied in forming our opinion.
- This Report does not investigate the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, directors, or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- Our valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability of or otherwise of entering into the proposed transactions.

