



GOPAVARAPU MURALI REDDY., FCA

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

Addendum to the Valuation Report

Background:

Subsequent to the communication received by the Company from BSE Ltd. (Stock Exchange), Company has provided the financial projections to me and I am furnishing this addendum to the original valuation report. This addendum specifically focuses on additional details regarding the valuation approaches and methodology used (including Income Approach) for Pharmads Pharmaceuticals Limited (PPL). All other information set out in my earlier report remains same.

Valuation of PPL:

Sr. No.	Valuation Parameters	Value per Equity Share (in Rupees)
1.	Asset Approach - Net Assets Value Method	10.08
2.	Income Approach – Discounted Cash flow Method	35.77
3.	Market Approach - Comparable Company Multiple Method	48.57

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

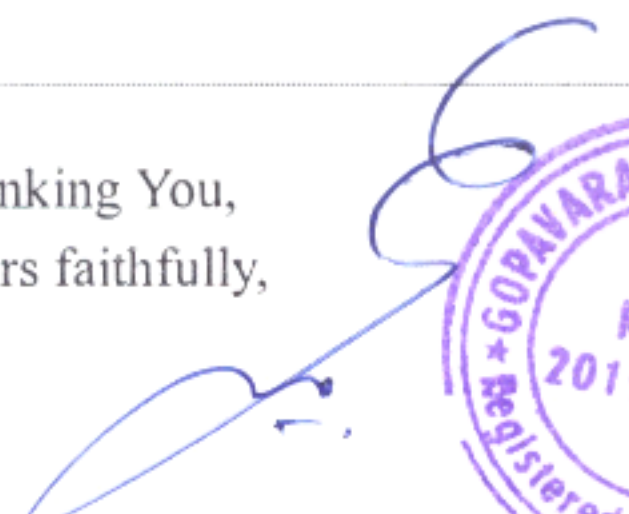

- Annexure 1 - For Net Assets Value Method
Annexure 2 - For Income Method
Annexure 3 - For Comparable Company Multiple Method

Conclusion

Based on the foregoing data, considerations and steps followed, I consider the recommendation of fair equity share exchange ratio as follows:

Valuation Approach	PPL		ABPL	
	Value per share	Weights	Value per share	Weights
Asset Approach (Net Asset Value Method)	10.08	15%	67.87	20%
Income Approach (Discounted Cash Flow Method)	35.77	15%	162.38	80%
Market Approach (Comparable Company Multiple Method)	48.57	70%	NA	NA
Relative Value per Equity Share	40.87		143.48	
Fair Equity Share Exchange Ratio (Rounded off)	3.5:1			
35 (Thirty-Five) equity shares of PPL INR 10 each fully paid up for 10 (Ten) equity shares of ABPL of INR 10 each fully paid up				

Thanking You,
Yours faithfully,



CA GOPAVARAPU MURALI REDDY
 (IBBI Registered Valuer)
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 RV Registration No. – IBBI/RV/02/2019/11566

Annexure-1

Valuation of Equity Shares of PPL under NAV Method

Calculation of Net Assets Value of the Company as on 29th December 2023

Particulars	Amount in Rs.
Total Assets	22,92,84,714
Total Liabilities	1,27,92,269
Net worth	21,64,92,445
No. of Equity Shares Issued, Subscribed	2,14,86,234
Book Value per share	10.08



Annexure-2

Discounted Cash Flows	2024	2025	2026	2027	2028	2029
Date	31-03-2024	31-03-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2029
Time Periods	1.00	2.00	3.00	4.00	5.00	6.00
Year Fraction	0.26	1.00	1.00	1.00	1.00	1.00
EBIT	-414.65	-69.26	335.77	1,497.87	1,745.84	1,971.66
Less: Cash Taxes	-	-	-	-244.81	-438.49	-495.32
Plus: D&A	4.24	3.83	16.54	43.77	43.35	43.17
Less: Capex	0.00	0.00	-450.00	0.00	0.00	0.00
Less: Changes in WC	261.93	-40.08	-21.10	-93.03	-25.38	-25.46
Future Free Cash Flows to Firm ("FCFF")	-148.48	-105.52	-118.79	1,203.81	1,325.32	1,494.05
Discount Period	0.26	1.26	2.26	3.26	4.26	5.26
Discounting Factor	0.96	0.84	0.73	0.63	0.55	0.48
PV of FCFF	-143.20	-88.33	-86.31	759.20	725.48	709.87

Calculation of Terminal Value

Particulars	(Amounts in Lakhs)
Present Value of FY 2029 (A)	709.87
Cost of Capital (B)	15.21
Terminal Growth Rate Assumed (C)	3.50%
Terminal Value $\{A\{1+C\}/(B-C)\}$	6,273.56

Valuation Summary

Equity Value	(Amounts in Lakhs)
Total PV of FCFF of Explicit Period	1,876.71
PV of Terminal Period	6,273.56
Gross Enterprise Value	8,150.26
Plus: Cash & Cash Equivalents	64.98
Less: Debt /Preference Share Capital	-125.00
Less: Contingent Liabilities	-
Enterprise Value	8,090.24
Less: Illiquid Discount @ 5%	404.51
Net Enterprise Value	7,685.73
Number of Equity Shares	2,14,86,234
Value Per Share	35.77



Annexure-3

Valuation of Equity Shares of PPL under Comparable Company Multiple

Particulars	Amount in Rs.
Average PB of BSE Health Care Index as on 29-12-2023 (A)	4.82
PPL Book Value (B)	10.08
Market Value of PPL (AXB)	48.57

