



SARATH & ASSOCIATES

CHARTERED ACCOUNTANTS

CERTIFICATE

Based on the Information and explanation given to us and Provisional and Estimated Financials given to us by the management, we hereby certify that the Estimated Fair Value of one Equity Share of Rs. 10/-each fully paid up in **HARIOM CONCAST AND STEELS PRIVATE LIMITED**, having its Registered Office at 3-4-174/12/2, 1st Floor, Samarpan, lane beside Spencer's Pillar No. 125, Attapur, Hyderabad TG 500048 India ("the Company") determined in accordance with the Discount Cash Flow Method is Rs. 75.21/-, rounded to Rs. 75/- (Rupees Seventy-Five Only) per equity share as per Annexure.

This Certificate is issued at the request of the company for the purpose of conversion of Optionally Convertible Preference Shares into Equity shares of the Company and shall not be used for any other purpose without our prior written consent.

For Sarath & Associates
Chartered Accountants
F No 05120S

Phani

CA P Gopi Krishna
M.No. 225868
Partner



Date: 1st July 2017
Place: Hyderabad

HEAD OFFICE: 4th Floor, Maas Heights, 8-2-577/B, Road No. 8, Banjara Hills, Hyderabad - 500034.

Phone : +91 40 23354322, 23357090, Fax: 23356716, e-mail : info@sarathcas.in, sarathcas@yahoo.com

MUMBAI : Indian Globe Chambers, 4th Floor, DN Road, Mumbai - 400001, Ph: +91 2222693132, e-mail: calakshmi.rao@gmail.com

VIZAG : Plot No 1, 4th Floor, Ardee Building, Balaji Nagar, Siripuram, Visakhapatnam - 530003 Ph : 09550523111 , e-mail : venkatrao@sarathcas.in

VIJAYAWADA : 39-1-59/1, S1, Sharada Towers, 2nd Floor, Opp: PVP Mall, MG Road, VJA - 520010, Ph: 8977624890, e-mail: vjabranch@sarathcas.in

Annexure

HARI OM CONCAST AND STEELS PRIVATE LIMITED

Valuation of Equity Shares

Discounted Cash flow method

(Rs in Crores)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Inflow					
EBT - Operating profit	2.50	0.26	2.17	4.35	6.59
Add: Financing Expenses on term loans	2.72	2.04	1.53	1.15	0.86
Add: Depreciation & Amortisation	2.19	1.82	1.51	1.25	1.04
Increase in Term Loan	-0.43	-0.31	-0.29	-0.29	-0.08
Increase in Capital					
	6.98	3.80	4.92	6.45	8.41
Total Inflow	6.98	3.80	4.92	6.45	8.41
Outflow					
Project Cost	-	-	-	-	-
Incremental Working Capital (exc cash)	1.18	0.61	1.12	1.13	0.65
Repayment of Debt - Principal & Interest	3.03	3.96	4.46	4.15	0.94
Income Tax	0.48	1.08	1.76	2.47	3.22
Total Outflow	4.69	5.64	7.34	7.75	4.81
Net Free Cash Flows (FCF)	2.29	-1.84	-2.42	-1.30	3.60
Discounting factor for FY 2016-17 is 1	0.75	0.69	0.63	0.57	0.53
Present Value of FCF	1.72	-1.26	-1.52	-0.75	1.89
Present Value of cash inflow during the explicit forecast Period	0.09				
Present Value of the Perpetuity	35.86				
Add: Investments	-				
Business Value	35.95				
Less: Debt financing	18.00				
Less: Preference Share capital	5.40				
Equity Value	12.55				
No. of shares	16,68,100				
Value Per Share (Rs.)	75.21				
FMV nearest to Rupees	75.00				

Weighted average cost of capital

Risk free rate	5.90%
Add: Market Risk Premium	3.25%
Add: Liquidity risk	3.00%
Cost of Equity	12.15%
Effective interest rate	11.00%
Less: Effective Tax rate	30.90%
Net adjusted interest rate	7.60%
Weighted average cost of capital (WACC)	9.28%

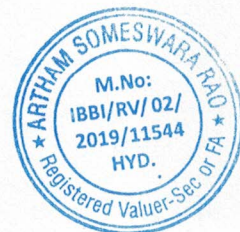


HARIOM PIPE INDUSTRIES LIMITED

Valuation Certificate

Report Date: 15th December 2020

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A. SOMESWARA RAO

Registered Valuer-Securities or Financial Assets

IBBI No: IBBI/RV/02/2019/11544

Office: Flat no.301, Wayside residency, Tirumala hills colony, Manikonda,
Hyderabad-500089

Email: somesha2000@gmail.com , somesh_a2000@yahoo.com

Mob: +91-9394 690 760, +91-8374 879 630

Date: 15th December 2020

To

The Board of Directors

HARIOM PIPE INDUSTRIES LIMITED

3-4-174/12/2, 1st Floor, Samarpan,

lane beside Spencer's Pillar No. 125,

Attapur

Hyderabad TG 500048

Dear Sir,

SUB: VALUATION OF EQUITY SHARES IN HARIOM PIPE INDUSTRIES LIMITED (HPIL)

With reference to the above-mentioned subject, please find attached herewith the certificate of Valuation of Equity shares of your company determined based on Net Asset Value method. (NAV)

The valuation has been carried out for the purpose of issue of Potential Equity shares in accordance with the provisions of Section 42 and 62 of the Companies Act, 2013 read with Rule 13 of Companies (Share Capital & Debentures) Rules, 2014.

Thanking You,

Yours faithfully,

A. Someswara Rao

A. SOMESWARA RAO

Place: Hyderabad

Date: 15th December 2020

Registered Valuer-Securities or Financial Assets

IBBI No: IBBI/RV/02/2019/11544



CERTIFICATE

TO WHOM SOEVER IT MAY CONCERN

This is to certify that the Estimated Fair Value of one Equity Share of Rs. 10/- each fully paid up in **HARIOM PIPE INDUSTRIES LIMITED (HPIL)**, an unlisted public Company having its Registered Office at 3-4-174/12/2, 1st Floor, Samarpan, lane beside Spencer's Pillar No. 125, Attapur, Hyderabad TG 500048 India ("the Company") determined in accordance with the Net Asset Value method for the purpose of issue of Potential Equity shares in accordance with the provisions of Section 42 and 62 of the Companies Act, 2013 read with Rule 13 of Companies (Share Capital & Debentures) Rules, 2014. is

- Rs. 36/- (Rupees Thirty Six) per equity share

The Prices as stated above has been arrived at, being the higher of (a) nominal value and (b) the value determined under Net Asset Value method of valuation as on 30th November 2020

Purpose of Valuation:

The valuation of Equity share is for the purpose of issue of Potential Equity shares in accordance with the provisions of Section 42 and 62 of the Companies Act, 2013 read with Rule 13 of Companies (Share Capital & Debentures) Rules, 2014

We have been appointed by on behalf of the board of directors to carry out the valuation of fair value of equity share of the company vide the engagement letter dated 10th December 2020.

Sources of Information:

For the purpose of this valuation, we have relied upon the audited balance sheet and cash flows as at 31st March 2020 and the provisional financials as at 30th November 2020 and other relevant information and records made available by the management of the company.



Valuation Methodology:

The valuation has been done in accordance with Adjusted Net Asset Value (NAV) Method. Since the value under NAV method worked out to higher than the nominal value, we have adopted the NAV value as the fair value.

I. Company Profile

HARIOM PIPE INDUSTRIES LIMITED (HPIL)

Headquartered in Hyderabad, Telangana, Hariom Pipe Industries Limited (Hariom Pipe) is part of the prestigious Hariom Group. The group was founded by the industrialist, Late shri. Hariom Golas in 1962.

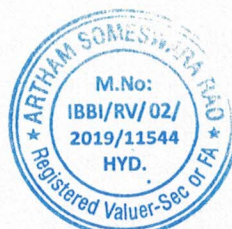
We are a premium manufacturer of iron and steel products. The company has gone from strength to strength, evolving into an integrated steel manufacturer with a stronghold in the South Indian market. With a diverse product portfolio consisting of Mild Steel (MS) Billets, Pipes and Tubes, Hot Rolled (HR) Coils and Scaffolding Systems, our top-quality products cater to a variety of industrial applications across multiple sectors.

For more information please log on to <https://www.hariompipes.com/>;

Capital Structure

The Authorized share capital of the company is INR 28,00,00,000/- and the Paid-up share capital of the company is INR 25,49,96,300/- . Equity face value of the company is Rs.10/- each

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DETAILS OF THE DIRECTORS

Sl.No	Name of the Director	DIN	Date of appointment
1	RUPESH KUMAR GUPTA	00540787	21/06/2007
2	SAILESH GUPTA	00540862	09/01/2010
3	SUNITA GUPTA	02981707	01/10/2014
4	PRAMOD KAPOOR KUMAR	03557358	08/01/2018
5	SANTOSH KUMAR RATHI	06478349	08/01/2018



II. Valuation Summary under NAV method

Particulars	Value (INR)
Assets	
Fixed assets	603,414,543
Current assets	1,031,760,423
Total Assets	1,635,174,966
Total Current and Non-current Liabilities	1,153,493,279
Enterprise Value	481,681,687
Number of equity shares	13,233,430
Face value Per share	10.00
Fair market value (FMV) per share	36.00

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III. Scope of Limitations:

Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed and as per 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.

Valuation analysis and results are also specific to the date of this report. A review of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. As such, our review results are, to a significant extent, subject to continuance of current trends beyond the date of the report. I, however, have no obligation to update this report for events, trends or transactions relating to the companies or the market/economy in general and occurring subsequent to the date of this report.

The terms of our engagement were such that I was entitled to rely upon the information provided by the companies without detailed inquiry. Also, I have been given to understand by the Management that they have not omitted any relevant and material factors. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the companies.

No investigation of the companies claim to title of assets has been made for the purpose of this review and the companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matter of a legal nature. I have not conducted or provided an analysis or prepared a model



for any asset valuation and have wholly relied on information provided by the companies in that regard.

Subject to the limitations and exclusions has mentioned above, I owe responsibility to only to the Board of Directors of the company that has retained us and nobody else. I do not accept any liability to any third party in relation to the issue of this report. Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or documents given to third parties, other than in connection with the proposed transaction without our prior written consent.

A. Someswara Rao

A. SOMESWARA RAO

Place: Hyderabad

Date: 15th December 2020

Registered Valuer-Securities or Financial Assets
IBBI No: IBBI/RV/02/2019/11544

