VALUATION REPORT

SWITCHING TECHNOLOGIES GUNTHER LIMITED

AS ON JUNE 30, 2025

CA GAURANG AGARWAL

REGISTERED VALUER (IBBI)

ICAI RVO M NO: ICAIRVO/06/RV-P037/2021-2022

IBBI REGD NO: IBBI/RV/06/2021/14187

ICAI M NO: 437466

GAURANG AGARWAL
CHARTERED ACCOUNTANT
REGISTERED VALUER

To,
The Board of Directors,
Switching Technologies Gunther Limited
Plots B-9 & B-10 and C-1,
Madras Export Processing Zone (MEPZ), Kaddaperi, Tambaram,
Chennai 600045, Tamil Nadu, India

Subject: Valuation report on fair valuation of Business Undertaking of Switching Technologies Gunther Limited as of June 30, 2025

I have been engaged by Switching Technologies Gunther Limited (hereinafter referred to as **"STGL"** or **"the Company"**) for the purpose of assessing fair value of the Business Undertaking of the Company as of June 30, 2025. The registered office of the Company is situated Plots B-9 & B-10 and C-1, Madras Export Processing Zone (MEPZ), Kaddaperi, Tambaram, Chennai, Tamil Nadu, India - 600045.

The valuation has been undertaken for the purpose of identification of the fair value of the Business Undertaking of the Company (**"Purpose"**) in accordance with the terms of Regulation 37A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on the information provided by the management, I, CA Gaurang Agarwal, Registered Valuer (REG. No. IBBI/RV/06/2021/14187), hereby confirm that I have arrived at the "Fair Value" ("Valuation" or "Value") of the Business Undertaking of the Company as on June 30, 2025. Based on the assessment, the value of the Business Undertaking of the Company should be **INR 4,18,04,500/- (Indian Rupees Four Crores Eighteen Lakhs Four Thousands and Five Hundred Only)**.

For Gaurang Agarwal,
Registered Valuer,
Securities or Financial Assets,
Registration No. IBBI/RV/06/2021/14187
ICAI RVO M No: ICAIRVO/06/RV-P037/2021-2022

GAURANG AGARWAL
Digitally signed by GAURANG AGARWAL
Date: 2025.09.12 12:08:09 +05'30'

Gaurang Agarwal
ICAI M.No : 437466
UDIN: 25437466BMIBGG3790

Date: 12-09-2025
Place: Agra

About the Valuer

Gaurang Agarwal (the "Valuer"), is Registered Valuer having Registration No. **IBBI/RV/06/2021/14187.** The Valuer is registered with the Insolvency and Bankruptcy Board of India to undertake the Valuation of Securities and Financial Assets.

Disclosure of valuer interest or conflict

I hereby certify that the valuer is suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the company (including the parties with whom the company is dealing, including the lender or selling agent, if any). The valuer(s) accept instructions to value the company only from the appointing authority or eligible instructing party.

I have no present or planned future interest in the company or its group companies, if any and the fee payable for this valuation is not contingent upon the value of shares reported herein.

Key dates

Appointment Date	September 08, 2025
Valuation Date	June 30, 2025
Report Date	September 12, 2025

Background Information about the Company

Name	Switching Technologies Gunther Limited
CIN	L29142TN1988PLC015647
Date of Incorporation	27/04/1988
Registered Address	Plots B-9 & B-10 and C-1, Madras Export Processing Zone (MEPZ), Kaddaperi, Tambaram, Chennai, Tamil Nadu, India - 600045
Listing status	Listed

(source: www.mca.gov.in)

Business Description

I understand that the Company, Switching Technologies Gunther Limited, produces miniature reed switches with the technology, supplied by the collaborator. The product is used in various applications as a control device.
(Source: Company)

Purpose of Valuation

The valuation has been undertaken for the purpose of identification of the fair value of the Business Undertaking of the Company (**"Purpose"**) in accordance with the terms of Regulation 37A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Date of Valuation

As per the ICAI Valuation Standards, 2018, the valuation date is the specific date at which the valuer estimates the value of underlying asset.

The threshold date for all the financial information and market parameters used in the present valuation exercise has been considered as of June 30, 2025.

Sources of Information

I have been provided with the following information by the management of Switching Technologies Gunther Limited for the purpose of my value analysis:

- Audited financial statement of the Company for the financial year ended March 31, 2023, March 31, 2024 & March 31, 2025.
- Limited reviewed financial statements of the Company for the period ended June 30, 2025.
- Projected Financial Statements of the Company for the next 6 years 9 months, upto FY 2031-2032.
- Information collated from public sources, such as from the website of the BSE, website of the Company etc.
- Other relevant details relating to the Company such as list of shareholders and other data.

Procedure Adopted

In connection with this exercise, I have adopted the following procedures to carry out the valuation of the Business Undertaking:

- Requested and received the information as stated in the "Source of Information" section in this report.
- Obtained data available in public domain.
- Undertook industry and market analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation.
- Sought various clarifications from the management based on my review of information shared and my analysis.
- Consider SEBI (LODR) Regulations.
- Selection of valuation methodologies as per ICAI Valuation Standards 2018.
- Determine the fair value of equity shares of the Company based on selected methodologies and on the basis of SEBI (ICDR) Regulations respectively.
- A draft of this report was shared with the management of the Company, prior to finalization of report, to make sure that factual inaccuracy/omission is avoided.
- Issuance of final report.

Valuation Methodology

I have used ICAI Valuation Standards 2018 for undertaking this valuation assignment

"As per ICAI Valuation standards 2018, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

This standard provides guidance for following three main valuation approaches:

a) Market Approach;
b) Income Approach; and
c) Cost Approach

A valuer can make use of one or more of the processes or methods available for each approach. The appropriateness of a valuation approach for determining the value of asset would depend on valuation bases and premises. In addition, some of key factors that a valuer shall consider while determining the appropriateness of a specific valuation approach and method are:

- Nature of asset to be valued;
- Availability of adequate inputs or information and its reliability;
- Strength and weakness of each valuation approach and method;
- Valuation approach/method considered by market participants.

A valuer may consider adopting one distinct valuation approach/method or multiple valuation approaches/methods as may be appropriate to derive a reliable value. When evaluating a value resulting from use of multiple valuation approaches/methods, a valuer shall consider the reasonableness of the range of values. If the values under different approaches and/or methods significantly differ from each other, it would not be appropriate to derive the final value merely by weightages accorded to differing values.

The valuation approaches and methods shall be selected in a manner which would maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The Price information gathered from the active market is generally considered to be a strong indicator of the Value.

a) Market Approach

Market Approach is a valuation approach that uses price and other relevant information gathered by market transactions involving identical or comparable (i.e similar) assets, liabilities or a group of assets and liabilities, such as business. The following valuation methods are commonly used under the market approach:

i) Market Price Method
ii) Comparable Companies Multiple (CCM) Method
iii) Comparable Transaction Multiple (CTM) Method

I) Market Price Method

A valuer shall consider the traded price observed over a reasonable period while valuing assets which are traded in the active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market. A valuer shall use average price of the asset over a reasonable period. The valuer should consider using weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.

ii) Comparable Companies Multiple Method (CCM)

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. This method compares the price for which comparable companies are traded in the capital market.

iii) Comparable Transactions Multiple Method (CTM)

This approach is somewhat similar to the market multiples approach except that the Revenue and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the Revenue and EBITDA of the business being valued. No Comparable transactions are relevant.

Upon thorough analysis, I understand that the market approach is not applicable in this valuation. The primary reason is the absence of sufficient comparable companies that closely match the subject company in terms of the size of operations and business model of the Company.

b) Income Approach

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Some of the common valuation methods under income approach are as follows:

i) Discounted Cash Flow (DCF) Method
ii) Relief from Royalty (RFR) Method
iii) Profit Earning Capacity Value (PECV) Method
iv) With and Without Method (WWM); and
v) Option pricing models such as Black-Scholes-Merton formula or binomial (lattice) model.

i) Discounted Cash Flow (DCF) Method

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life. The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc. This method involves discounting of future cash flows expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value.

ii) Profit Earning Capacity Value (PECV) Method

Profit Earning Capacity Value (PECV) is a method used to estimate a business's future profits and value its shares. It's often used to value businesses with a history of profitability.

How it works

- PECV assumes that a business will continue to operate and earn profits.
- It uses a business's past earnings to estimate its future maintainable profits (FMP).
- The capitalization rate is the rate of return required to take on the risk of operating the business.
- The earnings are divided by the capitalization rate to calculate the fair value per share.

c) Cost Approach / Asset Approach

Cost approach/ Asset Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). In certain situations, historical cost of the asset may be considered by the valuer where it has been prescribed by the applicable regulations/law/guidelines or is appropriate considering the nature of the asset.

The following are the commonly used valuation methods under the Cost approach:

- Replacement Cost Method
- Reproduction Cost Method.
- NAV Method

Another commonly used method of valuation Cost Approach is the NAV Method. The Net Assets Value (NAV) method, widely used under the Cost approach, considers the. assets and liabilities as stated at their book values. The net assets, after reducing the dues to the preference shareholders, and contingent liabilities, If any, represent the value of the Company to the equity Shareholders. This valuation approach is mainly used in case where the assets base dominates earnings capability or in case where the valuing entity is a holding Company deriving significant value from its assets and investments.

Rationale for Valuation Approaches & Methodologies

Discounted Cash Flow method captures fundamental value by projecting future cash flows and discounting them, making it ideal for dynamic businesses with changing operations or cash flows. Comparable Companies Multiple Method reflects current market sentiment by benchmarking the business against comparable, traded entities using real-world multiples, supporting market benchmarking and timely valuation.
I have applied a blended approach since both valuation methods are reliable and applicable. Equal weightage has been provided to ensure the final value is not biased due to market cycles or projection assumptions, thus providing a balanced fair value that considers both perspectives.
It is also critical to note that since the value as per Net Asset Value methodology is negative, no weight has been given to the same.

SWITCHING TECHNOLOGIES GUNTHER LIMITED Weighted Average Valuation Methodology	Amount	Weight
Valuation as per Discounted Cash Flow Methodology	3,63,79,287	50%
Valuation as per Comparative Companies Multiple Methodology	4,72,29,712	50%
Valuation as per Net Asset Value Methodology	-14,48,87,673	0%
Weighted Average Valuation	**4,18,04,500**	

Comparable Companies Method:

I have carried out analysis of listed comparable companies in Electrical Equipment industry. While there are no exact listed peers of STGL, I have primarily considered companies with businesses similar to STGL, within the same industry, and market capitalisation within the range of INR 14 crores to INR 125 crores, considering the operating size of STGL.

I have undertaken valuation of the Company as per EV/Revenue Multiple of listed comparable companies.

- **Valuation as per EV/Revenue Multiple –**
  - i. I have analysed the EV/Revenue multiple of the Company vis-à-vis comparable companies.
  - ii. To arrive at valuation of the Company as CCM Method we have considered reported Revenue for Trailing Twelve Months ("TTM") June 30, 2025.
  - iii. The average EV/Revenue multiple of 1.20x is considered to arrive at Enterprise Valuation.
  - iv. We have applied a 50% discount on the business segment, considering that the comparable companies are not in the exact business wherein STGL operates. Further, the comparable companies are operating at a higher net income margin, whereas the net income margin of STGL is negative. Further, the selected peers are also involved in different business segments than STGL.

v. The Enterprise Value so arrived is the value of Business Undertaking of STGL. The value is arrived at **INR 4,72,29,712**. (Refer Annexure I)

Discounted Cash Flow Method:

I have analysed the information received by me (as per **Sources of Information** above) and performed a valuation as per Discounted Cash Flow methodology.

- **Valuation as per DCF method –**
  i. I have analysed the the projected free cash flows from business operations.
  ii. To arrive at the Enterprise Value, I have discounted the projected cash flows at the weighted average cost of capital, from a market participant basis
  iii. The Enterprise Value so arrived is the value of Business Undertaking of STGL. The value is arrived at **INR 3,63,79,287.** (Refer Annexure II)

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Inspection and/or Investigation

The Valuer have relied on the accuracy and completeness of all the information and explanations provided by the management and have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency.

He has received representations from the management and has accordingly assessed the value of the Shares of the Company. He has assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided. He had assumed that the same is not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company.

Caveats, Limitations, and Disclaimers

1) **Specific Purpose:** Valuation analysis and its results are specific to the purpose of valuation as mentioned in the section "Purpose". It may not be relevant for any other purpose or entity. This Report is prepared exclusively for the above-mentioned purpose and must not be copied, disclosed or 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 my prior written consent.

2) **Valuation date:** The valuation of the Company contained herein is not intended to represent at any time other than the date that is specifically stated in this report. I have no responsibility to update this report for events and circumstances occurring after the valuation date.

3) **Reliance on information provided:** I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company. In the course of the valuation exercise, I have obtained both oral and written data, including market, technical, operational and financial information. I have relied upon such information through a broad comparative analysis.

4) **Actual results may differ:** The assumptions used in the preparation of this report, as I have been explained, are based on the management's present expectation of both – the most likely set of future business events and the management's course of action related to them. Wherever I have not received detailed information from the management, I have used my assessment of value based on experiences and circumstances of the case. It is usually the case that some events and circumstances do not occur as expected or are not anticipated.

5) **Achievability of the Projected Figures:** My Valuation is based on the achievability of the Projected figures provided by the management. In case the Company is not able to achieve the projected figures, my valuation results will be substantially affected.

6) **Complete report:** This report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.

7) My Valuation report should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

8) I have summarized the valuation analysis of the Business Undertaking of the Company based on the information as was provided to me and other publicly available information. I do not assume any responsibility for the accuracy or reliability of such documents on which I have relied upon in forming my opinion.

9) This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, I express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion.

10) In the particular circumstances of this case, I shall be liable only to the Management. I shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused other than in cases of fraud, gross negligence or willful misconduct, or on account of any natural calamities, shall be limited to the amount of fees actually received by me as laid out in the engagement letter, for such valuation work.

11) Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, I, in any way, shall not be responsible for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

12) I am not advisors with respect to accounting, legal, tax and regulatory matters. Therefore, no responsibility is assumed for matters of a legal nature.

13) I assume that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated and will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, I have given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements.

14) A draft of this report was shared with the Company, prior to finalization of report, as part of the standard practice to make sure that factual inaccuracy/omission are avoided.

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CONCLUSION

On the basis of verification and information and explanations as provided by the management of the Company and as per available information in the market as at June 30, 2025, the fair value of the Business Undertaking of the company as on June 30, 2025 should be **INR 4,18,04,500/- (Indian Rupees Four Crores Eighteen Lakhs Four Thousands and Five Hundred Only)**.

This valuation is subject to the scope of services and the standards of limitation as mentioned to this report.

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Annexure I

Valuation as per Comparable Companies Method Multiple

Valuation Analysis as per Comparable Companies Multiple	
Particulars	LTM Revenue / TEV
LTM Revenue	7,87,16,186
Average Industry Multiple	1.20
Applicable Disccounts to Multiple	50.00%
Adjusted Multiple	0.60
Enterprise Value as per CCM method	**4,72,29,712**

Notes:

- Computation of average industry multiple:

Company Name	TEV/Total Revenues LTM - 30.06.2025	Business Description
B.C. Power Controls Limited (BSE:537766)	0.10x	B.C. Power Controls Limited engages in trading of ferrous and non-ferrous metals in India. It trades in aluminium, lead, zinc, copper ingots, copper rod, tin ingots, copper scrap, nickel, etc. The company was incorporated in 2008 and is based in New Delhi, India.
Relicab Cable Manufacturing Limited (BSE:539760)	2.40x	Relicab Cable Manufacturing Limited manufactures, markets, and supplies PVC compounds, and wires and cables under the Relicab brand in India. The company offers wires and cables, including armored/unarmored, single and multi-core, control, power, instrumentation, uninyvin, shielded, electric vehicle charging cable, elevator flat, and flat submersible cables, as well as single core PVC wires; copper conductors; and PVC compounds comprising insulation, sheathing, inner sheath, HR, FR, FRLS, and master batches, as well as PVC compounds for aluminum window breeders and pipe coatings. Relicab Cable Manufacturing Limited provides its wires and cables for use in telecom, electrical, automotive, and wind energy industries, as well as in household appliances. It exports its products to Russia, Uganda, Indonesia, Nigeria, Singapore, and the United Arab Emirates. Relicab Cable Manufacturing Limited was founded in 1992 and is based in Dunetha, India.
Godha Cabcon & Insulation Limited (NSEI:GODHA)	0.60x	Godha Cabcon & Insulation Limited manufactures and sells electronic cables and conductors in India. The company provides aluminum alloy conductors for use in the primary and secondary distribution; aluminum and steel reinforced conductors; aluminum conductors that are used for overhead transmission, and primary and secondary distribution; and armoured and unarmoured cables for supply of electricity in underground systems, power networks, and power ducting. It offers ACSR conductor, stay, and DPC wires, as well as XLP coated wires and conductors. Godha Cabcon & Insulation Limited was founded in 1987 and is based in Indore, India.

Kundan Edifice Limited (NSEI:KEL)	1.50x	Kundan Edifice Limited designs, develops, manufactures, assembles, supplies, and sells light emitting diode (LED) strip lights primarily in India. It also offers LED neon lights and smart strip solutions; and premium products and accessories. The company's product applications include cove and profile lighting, car interior and exterior, two wheelers, indoor decorations, festival decoration, signages, back-lit panels, outdoor decorations, underwater, building facades, demarcation during construction works, neon flex lights, and decorative articles. It serves customers in various industries, such as real estate, railways, automobiles, decorative lighting, etc. Kundan Edifice Limited was incorporated in 2010 and is headquartered in Mumbai, India.
Marco Cables & Conductors Limited (NSEI:MARCO)	1.10x	Marco Cables & Conductors Limited manufactures and sells wires, cable wires, and conductors in India. The company offers LT aerial bunched, LT PVC, LT XLPE, and FRLS cables, as well as all aluminium alloy conductors (AAAC) and aluminium conductor steel reinforced conductors (ACSR). Its products are used as distribution and transmission power lines. Marco Cables & Conductors Limited was incorporated in 1989 and is based in Thane, India.
Average Multiple	**1.20x**	

- **Applicable Discounts on Industry multiple:**

I have applied a discount of 50% on the computed multiples, due to the following reasons:

- **Lower Liquidity in shares:** As on the date of valuation, STGL shares are not frequently traded on the Bombay Stock Exchange (BSE).
- **Lack of Profitability:** STGL is not a profitable company as on the Valuation Date. Further, the net worth of the company has eroded, and is negative on the valuation date.
- **Size of peers:** The LTM revenues of the identified peers ranges from INR 44 crores to INR 172 crores. Further, the average net profits of the identified peers is 4.32%, against the negative profitability of STGL.

Annexure II

Valuation as per Discounted Cash Flow Methodology

SWITCHING TECHNOLOGIES GUNTHER LIMITED Discounted Cash Flow Analysis FY	FY 25-26 (9 months)	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	Terminal
PARTICULARS								
PAT	**-92,50,251**	**5,24,114**	**39,46,863**	**77,05,585**	**1,19,19,263**	**1,28,08,771**	**1,63,32,537**	
Add: Depreciation	6,55,214	6,72,077	4,80,637	3,54,147	2,69,041	2,08,403	1,64,166	
Less: Capital Expenditure	0	0	0	0	0	0	0	
Add: Interest (post Tax)	0	0	0	0	0	0	0	
Opening NWC	-13,93,73,449	-12,52,42,888	-11,61,11,629	-11,47,73,244	-11,33,01,021	-11,16,81,575	-10,99,00,184	
Closing NWC	-12,52,42,888	-11,61,11,629	-11,47,73,244	-11,33,01,021	-11,16,81,575	-10,99,00,184	-10,79,40,655	
Less: Change in Net Working Capital	1,41,30,560	91,31,259	13,38,385	14,72,224	16,19,446	17,81,391	19,59,530	
Free Cash Flows	**-2,27,25,597**	**-79,35,068**	**30,89,115**	**65,87,508**	**1,05,68,857**	**1,12,35,784**	**1,45,37,174**	**10,54,22,585**
Discounting Period	0.38	1.25	2.25	3.25	4.25	5.25	6.25	
Discounting Factor	0.95	0.83	0.72	0.62	0.53	0.46	0.40	0.40
Present Value of Cash flow	-2,14,94,496	-65,90,584	22,11,596	40,65,290	56,22,079	51,51,941	57,45,741	4,16,67,720
Enterprise Value	**3,63,79,287**							

Valuation Methodology and Assumptions

Weighted Average Cost of Capital (WACC) plays a vital role in valuing a business. Main constituents of WACC are Cost of Equity (Ke) and Cost of Debt (Kd). WACC is used as the discounting factor to arrive at the net-present value. To calculate the valuation of the Business Undertaking, the computation of Cost of Equity (ke) and WACC is as under:

Estimate of Discount Rate

The discount rate applied to calculate current values on June 30, 2025, has been determined based on Weighted Average Cost of Capital (WACC), whereby I have considered debt equity ratio as per book value represented by the Management in the projections.

Cost of Equity (Ke)

Cost of equity has been estimated based on the CAPM. This model calculates the cost of equity of a Company as the sum of the risk-free rate and a Company specific equity risk premium, the latter of which represents the risk of company in question as compared to the market risk premium:

Ke is usually calculated by using Build up Model, which uses Market Return (Rm), Risk- free return (Rf), Country Risk premium (Rc), Size Risk Premium (Rs) and Equity Risk.

Calculation of cost of equity

$$COE = R_f + [\beta(R_m - R_f)] + R_a$$

Note:

Rf = Risk-free rate

Rm = Expected market equity risk premium

Ra = Additional risk premium to account for higher risk

β= Measure of observed volatility compared to the market

The attached table summarizes the main assumptions used to calculate cost of equity of the Company.

COE assumptions	Values	Source
Risk free rate, Rf	6.46%	Risk Free Rate based on 10-year Zero Coupon Yield Curve*
Expected Return, Rm	13.73%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.27%	(Rm – Rf)
Beta	0.97	Beta of Electrical Equipment, Dataset of Prof. Aswath Damodaran
Additional risk premium (unsystematic risk)	2.50%	To account for higher risks
Adjusted Cost of equity, Ke	**16.01%**	Computation

Cost of debt

Cost of debt is the rate of interest for existing debts outstanding. Kd of the Company is arrived by reducing the Corporate Tax Rate on the interest-bearing borrowings of the Company. In the current structure, the Company's Kd Nil as there is no interest bearing debt in the Company.

Hence, WACC of the Company is equal to Ke i.e., 16.01%.

Terminal value calculation

The Company's free cash flow during the last year of forecast period is in line with growth rate as compared to long term expected industry growth rate, thus Terminal Value is calculated based on the Gordon Growth Model and extrapolating the adjusted free cash flows of the last year at an annual growth rate of 4%.