



VALUATION REPORT

Valuation Report for determining Floor Price of equity shares of Praxis Home Retail Limited

Abstract

The purpose of this Valuation Report is to render valuation to determine Floor Price of equity shares of the Company as per sub-regulation (1) of regulation 166A of SEBI (ICDR) Regulations pursuant to further issuance of equity shares

CA Hitendra Ranka [FCA, RV (IBBI) - S&FA, DISA (ICAI), B.Com]

CA Hitendra Ranka

IBBI Registered Valuer
Asset Class: Securities or Financial Assets
Reg. No.: IBBI/RV/06/2019/11695

Strictly private and confidential

Dated: June 22, 2023

To,

The Board of Directors,

Praxis Home Retail Limited

iThink Techno Campus, Jolly Board Tower D,
Ground Floor, Kanjurmarg (East), Mumbai 400 042.

Dear Sir(s),

Sub: Valuation to determine Floor Price of equity shares of the Company as per sub-regulation (1) of regulation 166A of SEBI (ICDR) Regulations pursuant to issuance of its equity shares

I, Hitendra Ranka (“**Valuer**” or “**I**” or “**me**”), have been appointed vide engagement letter dated June 16, 2023, to recommend Floor Price of the equity shares of Praxis Home Retail Limited (“**PHRL**” or “**the Company**”). Floor price is to be determined as per Regulation 166A(1) of Part IV: “Pricing”, of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. These shall together be referred to as “**the SEBI (ICDR) Regulations**”. This is required pursuant to further issuance of equity shares by the Company.

I am pleased to present herewith my Report on the same. For the purpose of arriving at the valuation of the Company and its equity shares, I have considered the valuation base as ‘Fair Value’ and the premise of value is ‘Going Concern Value’. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this Report.

The threshold date for all the financial information used in the present valuation exercise has been considered as at March 31, 2023 and the market parameters have been considered up to June 21, 2023.

I believe that my analysis must be considered as a whole. Selecting portions of my analysis or the factors I considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is

not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached Report.

Thanking you,

Yours Faithfully,

Hitendra Ranka

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 22 June 2023

UDIN: 23157129BGWJTY1461

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1 CONTEXT AND PURPOSE

- 1.1 I refer to the engagement letter dated June 16, 2023, whereby I, Hitendra Ranka (“**Valuer**” or “**I**” or “**me**”), have been appointed by Praxis Home Retail Limited (“**PHRL**” or “**the Company**”) to render its equity valuation pursuant to issuance of its shares. The Management including the Board of Directors of the Company as well as their Representatives shall together be referred to as “**the Management**”.
- 1.2 As informed by the Management, I understand that PHRL is proposing further issuance of equity shares.
- 1.3 Accordingly, I have been appointed to recommend Floor Price as per Regulation 166A(1) of Part IV: “Pricing”, of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. This shall be referred to as “**the SEBI (ICDR) Regulations**”.
- 1.4 The Final Valuation Report / Certificate of Valuation (“**Valuation Report**” or “**Report**”) so provided to the Management shall be used for determining the Floor Price per equity share under Regulation 166A(1) of SEBI (ICDR) Regulations at which such issuance of equity shares can be made as well as to comply with the stated Regulations.

2 BACKGROUND OF THE COMPANY

2.1 PHRL

- PHRL vide its CIN #L52100MH2011PLC212866 was originally incorporated on January 31, 2011 as GRN Energy Private Limited under the provisions of Companies Act, 1956. Further name of the Company was changed to GRN Retail Private Limited and furthermore, name of the Company was changed to Praxis Home Retail Private Limited and a fresh certificate of incorporation was issued on January 5, 2017 by Registrar of Companies, Mumbai.
- 2.2 Its registered office is located at Think Techno Campus, Jolly Board Tower D, Ground Floor, Kanjurmarg (East), Mumbai - 400 042. Pursuant to the Composite Scheme of Arrangements under relevant provisions of the Companies Act, 2013, the Company became a public Company domiciled in India which is listed on two recognized stock exchanges.
- 2.3 The Company is engaged in the business of Home retailing through departmental stores under various formats across the country.

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3 CAPITAL STRUCTURE & SHAREHOLDING PATTERN

The issued and subscribed equity share capital of PHRL as at March 31, 2023 is as under:

Share capital	INR Mn
Authorized	
-15,00,00,000 Equity Shares of Rs. 5/- each	750.00
-6,30,000 Preference Shares of Rs. 100/- each	63.00
Total	813.00
Issued, Subscribed and Paid-up Capital	
- 7,56,70,112 Equity shares of Rs. 5/- each	378.35
- 6,30,000 Equity shares of Rs. 100/- each	63.00
Total	441.35

The aforesaid equity share capital is held as follows:

Sr. No Shareholder	No. of equity shares	Percentage
1 Promoters	4,19,14,898	55.39%
2 Public\$	3,37,55,214	44.61%
Total*	7,56,70,112	100.00%

\$Source - BSE website ~ Shareholding pattern as at March 31, 2023

**Further, as informed by the Management, I understand that total employee stock options outstanding as at Valuation date are 8,03,750. However, options exercisable as confirmed by the Management are only 7,85,000. Accordingly, for my analysis I have considered total outstanding shares as 7,64,55,112 on fully diluted basis.*

4 REGISTERED VALUER

I am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practicing as a partner with Ranka & Associates, Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with registration no. IBBI/RV/06/2019/11695.

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5 CONDITIONS, MAJOR ASSUMPTIONS, EXCLUSIONS AND LIMITATIONS

- 5.1 I have not audited, reviewed, or compiled the financial statements of the Company and express no assurance on them. I acknowledge that I have no present or contemplated financial interest in the Company. My fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this Report for events and circumstances occurring subsequent to the date of this Report.
- 5.2 I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this Report. The valuation analyst, by reason of performing this valuation and preparing this Report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the valuation professional regarding such additional engagement.
- 5.3 This Report, its contents, and analysis herein are specific to i) the purpose of valuation agreed as per the terms of my engagement, ii) the Report date, iii) are based on the Audited Financial Statements for the year ended on March 31, 2023, iv) Financial projections from FY24 to FY28 of the Company provided by the Management and v) based on the data detailed in section – Sources of Information.
- 5.4 The Management have represented that the business activities of the Company have been carried out in the normal course between March 31, 2023, and the Report date and that no material changes have occurred in its operations and financial position between March 31, 2023, and the Report date.
- 5.5 This Report and the information contained herein are absolutely confidential and are intended for the use of the Management for providing selected information and only in connection with purpose mentioned above or for sharing with Shareholders, Registrar of Companies, Stock Exchanges and office of other Regulatory or Statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without my written consent. In the event, the Company or its Management intend to extend the use of this Report beyond the purpose mentioned earlier in this Report, with or without my consent, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report.
- 5.6 I have not attempted to confirm whether all assets of the business of the Company are free and clear of liens and encumbrances, or that the owner has good title to all the assets. I have also assumed that the business of the Company will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.
- 5.7 I have been informed by the Management that there is no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business of Company, except as may be disclosed elsewhere in this Report. I have assumed that no costs or expenses will be incurred in connection with such liabilities, if any.

5.8 This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Company. I have assumed that no information has been withheld that could have influenced the purpose of my Report.

5.9 The fair value of equity shares of PHRL expressed in this Report pursuant to its valuation is based on the Going Concern assumption.

6 VALUATION DATE

The threshold date for all the financial information used in the present valuation exercise has been considered as at March 31, 2023 and the market parameters have been considered up to June 21, 2023.

7 PREMISE OF VALUE

The premise of Value is “as a going concern”.

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8 SOURCES OF INFORMATION

For the purpose of the report, following documents, and/or information published or provided by the Management have been relied upon:

From the Management

- Brief history & brief note on the business profile of the Company.
- Audited financial statements for the FY23.
- Capital Structure and Shareholding pattern along with the details of unexercised Employee Stock Options outstanding as of March 31, 2023.
- Income Tax Return form for FY22.
- Financial projections starting from FY24 to FY28 of the Company.
- Discussion with the Management including necessary information, explanations and representations provided by the management and representatives of the Company.
- Management representation letter dated June 22, 2023.

From publicly available sources

- Volume of shares traded on Stock Exchanges for preceding 240 trading days from the relevant date – National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) website.
- 90 / 10 trading days volume weighted average price of equity shares of PHRL – NSE website.
- Shareholding Pattern including details of Public Shareholding as at March 31, 2023 – BSE website.
- Intimation to BSE and NSE about proposed Rights Issue of fully paid-up equity shares – BSE website.

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9 VALUATION STANDARDS

The Report has been prepared in compliance with the Valuation standards adopted by ICAI Registered Valuers Organisation as well as International Valuation Standards issued by International Valuation Standards Council ('IVS').

10 PROCEDURES ADOPTED

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

- 10.1 Requested and received information as stated in Sources of Information section in this Report.
- 10.2 Obtained data available in public domain.
- 10.3 Undertook industry and market analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation.
- 10.4 Discussion (Physical/over call) with the Management to understand relevant aspects that may impact the valuation.
- 10.5 Sought various clarifications from the Management based on my review of information shared and my analysis.
- 10.6 Considered SEBI (ICDR) Regulations.
- 10.7 Selection of valuation methodology/(ies) as per Valuation Standards adopted by ICAI Registered Valuers Organisation as well International Valuation Standards accepted by IVS.
- 10.8 Determined the Fair Value and Floor Price of equity shares of PHRL based on the selected methodology/ies as well as basis the SEBI (ICDR) Regulations respectively.
- 10.9 The Management has been provided with the opportunity to review the Draft Report (without numbers) as part of our standard practice to make sure that factual inaccuracies / omissions of the information are avoided in my Final Report;
- 10.10 Issue of Final Report.

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11 VALUATION METHODOLOGY AND APPROACH

11.1 The standard of value used in the Analysis is “Fair Value”, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

11.2 Valuation of a business is not an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgement taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While I have provided my recommendation of the fair value per equity share based on the financial and other information available to me and within the scope and constraints of my engagement, others may have a different opinion. The final responsibility for determination of the fair value per equity shares is of the Management who takes into account other factors such as their own assessment of the company and input of other advisors.

11.3 The valuation exercise involves selecting methods suitable for the purpose of valuation, by exercise of judgment by the Valuers, based on the facts and circumstances as applicable to the business of the Company to be valued. There are several commonly used and accepted methods for determining the fair value of equity and consequently equity shares which have been considered in the present case, to the extent relevant and applicable, including:

11.4 **Cost Approach:**

Cost approach focuses on the net worth or net assets of a business.

(A) Net Asset Value (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.

(B) Adjusted Net Asset Value Method (“Adjusted NAV”)

Adjusted NAV method is a version of NAV method wherein assets and liabilities are considered at their realizable (market) value including intangible assets and contingent liabilities, if any, which are not stated in the Statement of Assets and Liabilities. Under this method, adjustments are made to the company’s historical balance sheet in order to present each asset and liability item at its respective fair market value. The difference between the total fair market value of the adjusted assets and the total fair market value of the adjusted liabilities is used to value a company.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Net-worth or Net Assets owned by the business.

This valuation approach is mainly used in case where the Company is to be liquidated i.e., it does not meet the “going concern” criteria or in case where the assets base dominates earnings capability. The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise.

11.5 **Market Approach:**

(a) Market Price Method

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of shares.

(b) Comparable Companies Market Multiple (CCMM) Method

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. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for exceptions and circumstances. Generally used multiples are EV/EBITDA, EV/Sales, Market Capitalization/Sales, Market Capitalization /PAT (PE multiple), Price to Book (P/B).

To arrive at the total value available to the stakeholders, the value arrived under CCMM method if calculated by EV/EBITDA or EV/Sales is adjusted for debt, (net of cash and cash equivalents), surplus non-operating investments and contingent liabilities. Value arrived under the PE multiple is adjusted only for surplus non-operating investments and contingent liabilities. (No debt adjustments required)

(c) Comparable Companies Transactions Multiple (CTM) Method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

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11.6 **Income Approach:**

The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method under this approach is discounted cash flow method.

Maintainable Profit Method (Discounted Cash Flows – “DCF”)

DCF uses the future free cash flows of the company discounted by the firm’s weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company’s cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company’s cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

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Key applicable provisions of SEBI (ICDR) Regulations

11.7 As stated earlier, I have to determine the Floor price of the equity shares of the Company, as per the relevant ICDR Regulations as applicable, which are as follows:

Key applicable provisions of SEBI (ICDR) Regulations

SEBI (ICDR) Regulations reference	Points	Extract of Relevant provisions
161	Relevant date	For the purpose of this Chapter, "relevant date" means: in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:
164(1)	Pricing of frequently traded shares	If the equity shares of the issuer 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. 90 trading days volume weighted average price ('VWAP') of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or b. 10 trading days volume weighted average prices of the related equity shares quoted on recognised stock exchange preceding the relevant date.
164(5)	Frequently traded shares	"Frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:
Explanation to 164(5)	Stock exchange	For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in 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.
First Proviso to 164(1)	Articles of Association	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.
166	Adjustments in pricing - Frequently and Infrequently traded shares	The price determined for a preferential issue in accordance with the above regulation, shall be subject to appropriate adjustments, if the issuer: a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares; b) makes an issue of equity shares after completion of a demerger wherein the securities of the resultant demerged entity are listed on a stock exchange; c) makes a rights issue of equity shares; d) consolidates its outstanding equity shares into a smaller number of shares; e) divides its outstanding equity shares including by way of stock split; f) re-classifies any of its equity shares into other securities of the issuer; g) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, require adjustments.
166A(1)	Valuation Report from Registered Valuer	Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price.
First Proviso to 166A(1)	Floor price	Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

12 VALUATION OF COMPANY

ANALYSIS UNDER COST APPROACH

- 12.1 Based on the information and explanations received from the Management, I understand that the value of the Company is to be determined on the assumption of going concern and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance, with the values arrived at on net asset basis being of limited relevance. Accordingly, I have not adopted NAV / Adjusted NAV method under Cost Approach for valuation of the PHRL.

ANALYSIS UNDER INCOME APPROACH

DCF method for valuation of PHRL

- 12.2 DCF method under Income Approach has been considered for valuation of the Company since its value lies in the future potentials from its business.
- 12.3 In this method, the valuation would primarily be based on the present value of future cash flows by discounting such future cash flows using an appropriate rate of discounting. Broad steps followed to derive the value under this approach are described as under:
- I have considered the Earnings Before Interest, Tax, Depreciation and Amortisation (“**EBITDA**”) of Company based on the Audited financial statements for the year ended on March 31, 2023 as well as financial projections starting from FY24 to FY28 of the Company provided by its Management.
 - I have made adjustments in relation to Depreciation, Taxes, Incremental Capital Expenditure and Changes in Net Working Capital so as to arrive at the free cash flows available to firm (“**FCFF**”) for the above stated projected period.
 - The value beyond the explicit forecast period is considered to get the Equity Value on a going concern basis. Growth rate of 5% p.a. is considered in Terminal Value.
 - FCFF for explicit forecast period and the terminal value are discounted using the Weighted Average Cost of Capital (“**WACC**”) as the discounting factor to arrive at their Net Present Value (“**NPV**”) as at the Valuation date.
 - The aggregate of such NPV of FCFF and Terminal Value is the Discounted Free Cash Flows as at the Valuation date.
 - The Enterprise Value so arrived as above have been reduced by Net Debt to arrive at the Equity Value for the Company.

- The Equity Value obtained as above is then divided by the total number of outstanding equity shares (including outstanding ESOs) as on the Valuation date to arrive at the fair value per equity share of the Company on fully diluted basis.
- Refer Annexure – A for the underlying workings on valuation of PHRL by DCF method.

ANALYSIS UNDER MARKET APPROACH

CTM / CCMM Method

- 12.4 As informed to me, there are no comparable companies as well as comparable companies' transactions for PHRL of same specifications, features and financial data etc. and hence I have not used CCMM and CTM methods under Market Approach for its valuation.

Market Price method

- 12.5 The equity shares of PHRL are listed and traded on BSE and NSE. There are regular transactions in the equity shares with reasonable volumes. Accordingly, I have referred to Pricing regulations stated in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time and the specific information/explanations available for arriving at the price as per Market Price method.

Price of the equity shares of the Company as per Regulation 164(1) of SEBI (ICDR) Regulations

- 12.6 The price of the equity shares of the Company as per above stated regulation is determined as explained in below table:

Particulars	My analysis	Annexure reference
Date of Extraordinary General Meeting	July 22, 2023	
Relevant date	June 22, 2023	
Stock Exchange	As per explanation to Regulation 164 of SEBI (ICDR) Regulations, Stock exchange means any of the recognized stock exchanges in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days (February 8, 2023 to June 21, 2023) prior to the relevant date. National Stock Exchange (NSE) is considered as Stock Exchange as it has highest trading volume recorded during the preceding 90 trading days prior to the relevant date (June 22, 2023) in respect of equity shares of the Company.	
Frequently traded shares	Regulation 164(5) of SEBI (ICDR) Regulations defines frequently traded shares as the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer. Basis our analysis, shares of PHRL are frequently traded because its traded turnover on NSE during the 240 trading days (July 4, 2022 to June 21, 2023) preceding the relevant date is exceeding 10% of its total number of shares.	
Pricing of frequently traded shares	As per Regulation 164(1) of the SEBI (ICDR) regulations, since the equity shares of the Company have been listed on a recognised stock exchange for a period of more than 90 trading days as on the relevant date and are frequently traded on NSE, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following: A) 90 trading days (February 8, 2023 to June 21, 2023) VWAP of the related equity shares quoted on the NSE preceding the relevant date (<i>Value per share is INR 15.52/-</i>); or B) 10 trading days (June 8, 2023 to June 21, 2023) VWAP of the related equity shares quoted on NSE preceding the relevant date (<i>Value per share is INR 11.92/-</i>)	Annexure - B (i) Annexure - B (ii)

Accordingly, the value per share of the Company as per Regulation 164(1) of SEBI (ICDR) Regulation is , Higher of A) or B) above, that is INR 15.52/- (Rupees Fifteen and Fifty-Two paise only).

12.7 Refer Annexure – B of this Report for the detailed analysis and workings.

Valuation as per first proviso to Regulation 164(1) of SEBI (ICDR) Regulations

12.8 As informed by the Management and basis my perusal of the Articles of Association (AoA) of the Company, it is understood that no method of determination of price pursuant to issuance of shares has been prescribed.

Valuation as per Regulation 166A(1) of SEBI (ICDR) Regulations

12.9 As informed by the Management, the proposed issuance of shares will shall be more than 5% of post issue fully diluted capital of the Company i.e., PHRL to an allottee or to allottees acting in concert. Accordingly, an independent valuation by registered valuer has been undertaken. This price is determined as per point # 12.2 and 12.3 above under DCF method.

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13 CAVEATS

- 13.1 Provision of valuation recommendations and considerations of the issues described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by me.
- 13.2 My review of the affairs of the Company and its books and account does not constitute an audit in accordance with Auditing Standards. I have relied on explanations and information provided by the Management and accepted the information provided to me as accurate and complete in all respects. Although, I have reviewed such data for consistency and reasonableness, I have not independently investigated or otherwise verified the data provided. Nothing has come to my attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.
- 13.3 The Report is based on the details and information provided to me by the Management and thus the responsibility for the assumptions on which they are based is solely that of the Management and I do not provide any confirmation or assurance on these assumptions. Similarly, I have relied on data from external resources. These sources are considered to be reliable and therefore, I assume no liability for the accuracy of the data. I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- 13.4 The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared except as stated in the purpose statement of this document. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of my engagement.
- 13.5 The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.
- 13.6 The Valuation Analysis contained herein represents the fair value of equity shares of the Company only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.
- 13.7 My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

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14 VALUATION AND CONCLUSION

Based on the foregoing data, considerations and steps followed, I recommend Floor Price (as required under first proviso to Regulation 166A(1) of SEBI(ICDR) Regulations) per equity share of PHRL (Face value per equity share is INR 5/- each) as **INR 15.52/- (Rupees Fifteen and Fifty-Two Paise Only)** (rounded up to two decimals). First table below here represents the Summary of Fair Value per equity share of PHRL computed under Regulation 166A(1) while second table represents the Floor Price as per first proviso to Regulation 166A(1) of ICDR Regulations:

Valuation approach	Value per Share	Weights
Asset approach		
Adjusted NAV method	NA	NA
Market approach		
Market price method	NA	NA
Comparable Company Market Multiple method	NA	NA
Comparable Companies Transactions Multiple method	NA	NA
Income approach		
Discounted Cash flow method	13.32	100.00%
Fair Value per Equity Share	13.32	

Notes to the above table

i) NA means Not Adopted / Not Applicable.

ii) I have not used CTM/CCMM Method for valuation of PHRL because exact comparable companies' as well as comparable companies transactions for PHRL of same specifications, features and financial data etc. are not available.

iii) I have not used NAV / Adjusted NAV under Cost Approach for valuation of PHRL since the net asset value does not reflect the intrinsic value of the business in a going concern scenario.

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Further as per the first proviso of Regulation 166(A)(1) of SEBI (ICDR) Regulations, the Floor Price for preferential allotment shall be higher of the Fair value per equity share computed as above or the price calculated in terms of Regulation 164(1). This can be summarized as per below table:

Particulars	Price	Annexure
The Floor Price where proposed issuance of shares lead to allotment of more than five per cent of the post issue fully diluted share capital as per first proviso to Regulation 166A(1) of the ICDR Regulations shall be higher of the following:		
i) Floor price determined under sub-regulation (1) of regulation 164 or	15.52	A
ii) Fair value per equity share determined as per this Report (<i>refer above table</i>) as per sub-regulation 1 of regulation 166A	13.32	B
Floor Price as per first proviso of regulation 166A(1) of ICDR Regulations is	15.52	

Based on the above, valuation as per first proviso to Regulation 166A(1) is arrived at INR 15.52 per equity share of the Company.

Respectfully submitted,

Hitendra Ranka

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 22 June 2023

UDIN: 23157129BGWJTY1461

Annexure - A: Valuation of PHRL under DCF method

Valuation of Praxis Home Retail Limited

Valuation pursuant to prospective investment in the Company

Valuation of equity shares of PHRL using Discounted Cash Flow Method as at March 31, 2023

(All amounts in INR million except share and per share data)

							INR Mn
Year Ending	FY24	FY25	FY26	FY27	FY28	Terminal Year	
Revenue	4,589.59	5,420.63	6,199.39	7,077.64	8,067.43	8,470.81	
YoY growth		18.11%	14.37%	14.17%	13.98%	5.00%	
EBITDA	82.29	241.57	398.68	589.03	818.87	859.81	
EBITDA Margins	1.79%	4.46%	6.43%	8.32%	10.15%	10.15%	
Less: Depreciation	(37.26)	(45.46)	(54.07)	(63.11)	(72.60)	(76.23)	
EBIT	45.03	196.11	344.62	525.92	746.27	783.58	
(Less) : Taxes@	-	-	-	-	-	(197.23)	
Net Operating Profit After Tax (NOPAT)	45.03	196.11	344.62	525.92	746.27	586.35	
(Less) : Capital Expenditure	(38.49)	(42.00)	(44.10)	(46.31)	(48.62)	(76.23)	
(Less) / Add : (Increase) / Decrease in net working capital	(462.92)	(126.26)	(12.69)	(261.43)	(505.24)	(115.61)	
Free Cash Flows to Equity (FCFE)	(456.4)	27.8	287.8	218.2	192.4	394.5	
Cash Accrual Factor	0.5	1.5	2.5	3.5	4.5	4.5	
Discounting Factor (refer note (a))	0.92	0.78	0.67	0.57	0.48	0.48	
Present Value of Cash Flows	(420.9)	21.8	192.1	123.9	93.0		
NPV of Explicit Forecast Period (A)	9.9						
Terminal Value	3,145.3						
NPV of Terminal Value (B)	1,519.8						
Enterprise Value (A) + (B)	1,529.74						
(Less) : Net Debt	(515.6)						
Add: Proceeds in relation to outstanding ESOs (as confirmed by the Management)	3.9						
Equity Value	1,018.07						
No. of equity shares outstanding on fully diluted basis	7,64,55,112						
Equity value per share (rounded off)	13.32						

@ As informed by the Management and basis my perusal of the Income Tax Return form for FY22, I understand that Company has significant carried forwarded unabsorbed business losses as well depreciation losses. Accordingly, no tax outflow is expected in the explicit forecast period. However, this is expected to be utilized / expired by end of FY28. Consequently, taxoutflow is projected for Terminal year basis inputs from the Management.

Annexure - A: Valuation of PHRL under DCF method (continued)

Note (a) Calculation of Weighted Average Cost Of Capital ("WACC")

Cost of Equity	PHRL	Remarks
Risk free rate (Rf)	7.32%	The risk free rate is derived based on 10 year Government of India securities yield as at Valuation date.
Market return (Rm)	15.04%	The market rate of return is based upon long term return from the equity market.
Equity risk premium (Rm-Rf)	7.72%	Difference of Rm and Rf. ERP is a measure of premium that investors require for investing in equity markets rather than bond or debt markets.
Unlevered Beta	1.28	Beta has been considered based on average industry beta of Retail (Building supply) Industry from Aswath Damodaran data sets on Industry Beta.
Tax rate	25.17%	Based on effective tax rate applicable to Company.
Debt to equity ratio on Valuation date	51%	Debt-equity mix of the Company.
Levered beta	1.76	Computed based on debt and equity of Company as on valuation date.
Cost of Equity	20.92%	
Alpha (Company Specific Risk Premium)	2.00%	Valuer's judgement considering the Company specific operational and financials parameters.
Revised CoE	22.92%	
Cost of Debt		Remarks
Cost of Debt (Pre-tax)	9.25%	Average cost of debt for the Company. As certified by the Management.
Tax	25.17%	Based on effective tax rate applicable to Company.
Cost of Debt (Net of Tax)	6.92%	
D / D + E	33.62%	
WACC	17.54%	WACC

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Annexure – B: Determining Floor price under sub-regulation (1) of regulation 164 of SEBI (ICDR) Regulations for PHRL

Annexure - B(i) Computation of 90 trading days' VWAP preceding the relevant date

Sr. No.	Date	VWAP*	Volume	VWAP*Volume
1	21-Jun-23	-	-	-
2	20-Jun-23	-	-	-
3	19-Jun-23	-	-	-
4	16-Jun-23	13.90	16,098.00	2,23,762
5	15-Jun-23	13.25	25,625.00	3,39,531
6	14-Jun-23	12.53	3,93,343.00	49,28,588
7	13-Jun-23	12.04	4,45,414.00	53,62,785
8	12-Jun-23	11.52	3,24,430.00	37,37,434
9	09-Jun-23	11.23	2,37,441.00	26,66,462
10	08-Jun-23	11.59	2,06,303.00	23,91,052
11	07-Jun-23	11.87	5,56,852.00	66,09,833
12	06-Jun-23	12.47	5,45,395.00	68,01,076
13	05-Jun-23	12.79	1,76,303.00	22,54,915
14	02-Jun-23	12.64	2,20,749.00	27,90,267
15	01-Jun-23	12.51	4,49,736.00	56,26,197
16	31-May-23	13.97	1,44,963.00	20,25,133
17	30-May-23	15.02	7,84,702.00	1,17,86,224
18	29-May-23	15.84	4,94,741.00	78,34,898
19	26-May-23	15.81	1,64,127.00	25,94,201
20	25-May-23	15.07	2,23,493.00	33,67,295
21	24-May-23	15.96	48,662.00	7,76,528
22	23-May-23	16.47	33,926.00	5,58,854
23	22-May-23	16.30	1,25,172.00	20,40,683
24	19-May-23	15.36	9,507.00	1,46,004
25	18-May-23	15.43	15,694.00	2,42,163
26	17-May-23	15.27	31,573.00	4,82,206
27	16-May-23	15.41	12,947.00	1,99,541
28	15-May-23	15.36	5,685.00	87,308
29	12-May-23	15.36	17,034.00	2,61,601
30	11-May-23	15.61	19,533.00	3,04,833
31	10-May-23	15.56	21,840.00	3,39,777
32	09-May-23	15.50	19,038.00	2,95,147
33	08-May-23	15.62	27,653.00	4,31,890
34	05-May-23	15.90	53,513.00	8,51,019
35	04-May-23	15.49	13,500.00	2,09,127
36	03-May-23	15.36	27,217.00	4,18,152
37	02-May-23	15.07	33,842.00	5,09,886
38	28-Apr-23	15.24	1,04,693.00	15,95,775
39	27-Apr-23	15.75	1,34,423.00	21,16,551
40	26-Apr-23	16.43	8,08,232.00	1,32,79,497
41	25-Apr-23	14.86	12,356.00	1,83,618
42	24-Apr-23	14.79	7,217.00	1,06,724
43	21-Apr-23	14.84	4,759.00	70,635
44	20-Apr-23	14.85	23,952.00	3,55,651
45	19-Apr-23	15.31	23,545.00	3,60,453
46	18-Apr-23	15.25	14,038.00	2,14,058
47	17-Apr-23	15.18	16,772.00	2,54,528
48	13-Apr-23	15.50	4,385.00	67,981
49	12-Apr-23	15.63	8,587.00	1,34,217
50	11-Apr-23	15.63	9,840.00	1,53,802
51	10-Apr-23	15.47	15,857.00	2,45,351
52	06-Apr-23	15.54	11,172.00	1,73,606
53	05-Apr-23	15.04	14,037.00	2,11,151
54	03-Apr-23	14.52	16,523.00	2,39,934
55	31-Mar-23	14.38	29,448.00	4,23,337
56	29-Mar-23	14.05	51,682.00	7,26,367
57	28-Mar-23	14.12	77,577.00	10,95,011
58	27-Mar-23	14.89	16,468.00	2,45,223
59	24-Mar-23	15.25	58,699.00	8,95,427
60	23-Mar-23	15.84	29,161.00	4,61,981
61	22-Mar-23	16.32	10,331.00	1,68,552
62	21-Mar-23	16.44	15,865.00	2,60,859
63	20-Mar-23	16.30	75,138.00	12,24,977
64	17-Mar-23	17.12	14,725.00	2,52,110
65	16-Mar-23	17.10	28,393.00	4,85,606
66	15-Mar-23	17.70	34,001.00	6,01,715
67	14-Mar-23	17.59	23,932.00	4,21,058
68	13-Mar-23	17.82	72,548.00	12,93,113
69	10-Mar-23	18.18	3,75,014.00	68,16,164
70	09-Mar-23	17.02	57,436.00	9,77,804
71	08-Mar-23	16.93	1,24,145.00	21,02,189
72	06-Mar-23	17.21	20,875.00	3,59,303
73	03-Mar-23	17.58	43,606.00	7,66,673
74	02-Mar-23	17.30	50,074.00	8,66,128
75	01-Mar-23	17.39	25,549.00	4,44,243
76	28-Feb-23	17.51	1,13,421.00	19,85,899
77	27-Feb-23	17.98	2,29,839.00	41,32,923
78	24-Feb-23	17.12	83,264.00	14,25,581
79	23-Feb-23	18.06	12,520.00	2,26,119
80	22-Feb-23	18.08	28,897.00	5,22,423
81	21-Feb-23	18.47	30,333.00	5,60,149
82	20-Feb-23	18.72	26,309.00	4,92,536
83	17-Feb-23	18.90	12,009.00	2,27,006
84	16-Feb-23	19.07	27,225.00	5,19,090
85	15-Feb-23	19.02	67,450.00	12,82,776
86	14-Feb-23	21.57	8,59,492.00	1,85,38,982
87	13-Feb-23	21.44	5,36,303.00	1,14,96,386
88	10-Feb-23	18.53	13,206.00	2,44,671
89	09-Feb-23	18.85	13,420.00	2,52,947
90	08-Feb-23	18.99	16,100.00	3,05,802
Total			1,04,60,894	16,23,59,035
VWAP for 90 trading days preceding the relevant date				15.52

Annexure – B: Determining Floor price under sub-regulation (1) of regulation 164 of SEBI (ICDR) Regulations for PHRL (continued)

**As informed by the Management and basis my perusal of Intimation documents to BSE / NSE, I understand that Company has issued 4,91,85,572 Rights equity shares at an issue price of INR 10/- per share (face value of INR 5/- each). The record date for this rights issue is finalize as May 30, 2023. Consequently, I have made an adjustment to VWAP price data from NSE from February 8, 2023 to May 29, 2023. To this extent there will be difference in VWAP as reflected on NSE portal vis-à-vis presented here. This is presented here for ease of reference.*

Date	NSE VWAP	Adjusted VWAP
29-May-23	19.63	15.84
26-May-23	19.58	15.81
25-May-23	18.36	15.07
24-May-23	19.83	15.96
23-May-23	20.68	16.47
22-May-23	20.40	16.30
19-May-23	18.84	15.36
18-May-23	18.96	15.43
17-May-23	18.70	15.27
16-May-23	18.93	15.41
15-May-23	18.84	15.36
12-May-23	18.84	15.36
11-May-23	19.25	15.61
10-May-23	19.17	15.56
09-May-23	19.08	15.50
08-May-23	19.27	15.62
05-May-23	19.74	15.90
04-May-23	19.06	15.49
03-May-23	18.85	15.36
02-May-23	18.36	15.07
28-Apr-23	18.65	15.24
27-Apr-23	19.48	15.75
26-Apr-23	20.61	16.43
25-Apr-23	18.02	14.86
24-Apr-23	17.90	14.79
21-Apr-23	17.99	14.84
20-Apr-23	18.00	14.85
19-Apr-23	18.76	15.31
18-Apr-23	18.66	15.25
17-Apr-23	18.54	15.18
13-Apr-23	19.08	15.50
12-Apr-23	19.29	15.63
11-Apr-23	19.29	15.63
10-Apr-23	19.03	15.47
06-Apr-23	19.14	15.54
05-Apr-23	18.32	15.04
03-Apr-23	17.46	14.52
31-Mar-23	17.22	14.38
29-Mar-23	16.69	14.05
28-Mar-23	16.79	14.12
27-Mar-23	18.07	14.89
24-Mar-23	18.67	15.25
23-Mar-23	19.64	15.84
22-Mar-23	20.42	16.32
21-Mar-23	20.63	16.44
20-Mar-23	20.40	16.30
17-Mar-23	21.75	17.12
16-Mar-23	21.72	17.10
15-Mar-23	22.70	17.70
14-Mar-23	22.53	17.59
13-Mar-23	22.91	17.82
10-Mar-23	23.49	18.18
09-Mar-23	21.59	17.02
08-Mar-23	21.44	16.93
06-Mar-23	21.90	17.21
03-Mar-23	22.51	17.58
02-Mar-23	22.04	17.30
01-Mar-23	22.19	17.39
28-Feb-23	22.39	17.51
27-Feb-23	23.17	17.98
24-Feb-23	21.75	17.12
23-Feb-23	23.30	18.06
22-Feb-23	23.33	18.08
21-Feb-23	23.97	18.47
20-Feb-23	24.39	18.72
17-Feb-23	24.69	18.90
16-Feb-23	24.96	19.07
15-Feb-23	24.88	19.02
14-Feb-23	29.09	21.57
13-Feb-23	28.87	21.44
10-Feb-23	24.07	18.53
09-Feb-23	24.60	18.85
08-Feb-23	24.84	18.99

Annexure – B: Determining Floor price under sub-regulation (1) of regulation 164 of SEBI (ICDR) Regulations for PHRL (continued)

Annexure - B(ii) Computation of 10 trading days' VWAP preceding the relevant

Sr. No.	Date	VWAP	Volume	VWAP*Volume
1	21-Jun-23	-	-	-
2	20-Jun-23	-	-	-
3	19-Jun-23	-	-	-
4	16-Jun-23	13.9	16098	223762.2
5	15-Jun-23	13.25	25625	339531.25
6	14-Jun-23	12.53	393343	4928587.79
7	13-Jun-23	12.04	445414	5362784.56
8	12-Jun-23	11.52	324430	3737433.6
9	09-Jun-23	11.23	237441	2666462.43
10	08-Jun-23	11.59	206303	2391051.77
Total			16,48,654	1,96,49,614
VWAP for 10 trading days preceding the relevant date				11.92

----- End of Report -----