

# TARUN JAIN & ASSOCIATES

Trade Marks & Patent Agents

IP & Registered Valuer (S&FA)

Company Secretaries

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Date: 17<sup>th</sup> October, 2023

To,  
The Board of Directors,  
**RITCO LOGISTICS LIMITED**  
508, 5th Floor, Jyoti Shikhar Tower, District  
Centre Janakpuri New Delhi West Delhi -110058

**Sub: Addendum to Valuation Report dated 27<sup>th</sup> September, 2023 issued to recommend fair Valuation of Equity Shares and Share Warrants for the proposed conversion of warrants issued under Preferential basis.**

Dear Sir/Ma'am,

In reference to the captioned matter and pursuant to the query raised in the letter received from NSE dated 9<sup>th</sup> October, 2023 (as shared by you to us) kindly find our addendum report (attached as annexure to this letter) for your consideration.

Yours faithfully,

For **TARUN JAIN & ASSOCIATES**



**Tarun Jain**  
(Registered Valuer)  
IBBI Reg. No.: IBBI/RV/02/2018/10045  
Date: 17<sup>th</sup> October, 2023  
Place: New Delhi

**Annexure:**

**ADDENDUM REPORT TO VALUATION REPORT DATED 27TH SEPTEMBER, 2023 ISSUED TO RECOMMEND FAIR VALUATION OF EQUITY SHARES AND SHARE WARRANTS FOR THE PROPOSED CONVERSION OF WARRANTS ISSUED UNDER PREFERENTIAL BASIS**

Kindly note that there are following valuation approaches, which are adapted to compute the fair market value of Equity Shares to be issued, are:

- a) Asset Approach
- b) income Approach
- c) Market Approach

**1. Net Asset Value Method ("NAV")**

This approach is being adopted when assets are to be sold out (mostly in liquidation) or to be purchased. As such there was no liquidation plan that is why we did not calculated the value under this method in our original report dated 27<sup>th</sup> September, 2023. However, keeping in view of the requirement we are calculating the net asset value as per book value based on the audited financial statements of the Company for the period ended as on 31<sup>st</sup> March, 2023.

**(Annexure-A)**

**Valuation using the Net Asset Value ("NAV") method:**

Particulars		Value
A. Equity Share Capital	A	24,47,66,000
B. Other Equity	B	1,24,38,58,000
C. Net Worth	C=A+B	1,48,86,25,000
D. Number of Equity Shares	D	2,44,76,618
E. Fair Value per Equity Share	E=C/D	60.81



## 2. Income Method:

A) **Discounted Cash Flow Method (DCF)** - The COVID-19 pandemic has a direct impact on logistics firms, which play a critical role in the movement, storage, and efficient flow of goods. These companies are essential components of value chains, both domestically and across international borders, enabling businesses to deliver their products to consumers. The disruptions caused by the pandemic have created significant challenges for the logistics sector, potentially influencing competitiveness, economic growth, and employment opportunities.

The global health crisis has resulted in substantial disruptions to supply chains and logistics operations in numerous countries. These disruptions have led to delays, interruptions in supply chains, and reduced logistics activity. Consequently, the pandemic has compelled logistics organizations to reevaluate their perspectives on changes in their operational environments and the continuity of their business operations.

Though DCF method is about calculating future cash flows expected to be earned by the Company, the impact of sudden pandemics has not been over yet so while providing valuation we are not sure of future projections, However the projections for near future has already been included in the Market price so we are not considering DCF method to value equity shares of the Company.

B) **Comparable Company Market Multiple Method**- Under this method, value of the equity shares of a company is arrived at by applying a suitable multiple (derived from valuations of comparable companies, as manifest through stock market valuations of listed companies) to the income of the Company. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Since this method considers future earnings of the Companies, this method is a proxy for Discounted Cash Flows method and as such, we have considered the median of the Price to Earnings ("P/E") Multiple of comparable companies (based on similar product/service portfolio, size, business strategy and accounting practices) adjusted for premium/discount as appropriate and applied it to the average normalized PAT of the Company to arrive at its fair value, using the CCM Method under the Income Approach. Relevant workings are as follows:

Valuation of Comparable Companies Market Multiple Method based on quarterly financial results of the Company as on 30<sup>th</sup> June, 2023





Annexure	B		Valuation of RITCO using the Price to Earnings (P/E) Multiple under Comparable Companies Multiple ("CCM") Method -Income Approach		
Particulars	Annexure		Reference	Unit	Value
	Reference				
Average /Median PE multiple based on P/E Multiple of Comparable Companies	B	(i)	A	Number	26.37
Add : Premium (Discount) on account of small size of operations			B	Percentage	-10%
Adjusted multiple			$C = A * (1 + B)$	Number	23.73
Average PAT	B	(ii)	D	INR Lacs	2049.455
Fair value			E	INR Lacs	48,633.57
Fair value			$F = E * 10^5$	INR	4,86,33,56,715
Number of equity shares			G	Number	2,44,76,618
Fair Value per equity share			$H = F / G$	INR/Per share	198.69

Annexure	B(i)	Computation of Average /Median PE multiple based on Price to Earnings (P/E) Multiple of Comparable Companies
Comparable Guideline Companies		P/E Multiple
Tiger Logistics (India) Limited		15.05
Transport corporation of India Ltd.		18.29
AllCargo Logistics Limited		34.44
VRL Logistics Limited		37.93
<b>Average / Median Multiple</b>		<b>26.37</b>
Source :NSE		



Annexure B(ii)	Computation of Profit after Tax ("PAT")		
	Reference	Unit	Value
PAT for the year ended 31st March ,2022	A	INR lacs	1,627.77
PAT for the year ended 31st March ,2023	B	INR lacs	2,471.14
Average PAT	$D=(A+B)/2$		2049.455

3. **Market Price Method:** We have already provided the Fair Value of Equity Shares based upon the market price method in our main report dated 27<sup>th</sup> September, 2023.

#### **Valuation Conclusion**

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.

Since the value of equity shares of RITCO under the Asset and Income approach is lower than the value of equity shares of RITCO as per the ICDR Regulations (captured in market approach), we have given due cognizance to the base price derived using the formula given in the ICDR regulations to assign appropriate weights to the values computed under each method. Based on the above, we have given 0% weight to value of RITCO computed under the asset and income approach and given 100% weight to value of RITCO computed as per ICDR Regulations under Market approach.



Valuation approach	Valuation Method	Value per share	Weightage
Asset Approach -	Net Assest Value	60.818	0%
Income Approach	Comparable Companies Multiple	198.69	0%
Market Approach	Market price	247.10	100%
Fair Value per Equity		247.10	100%

Since the value under the Market Price Method is the maximum, we have given 100% weight to the value computed using the Market Price Method.

For **TARUN JAIN & ASSOCIATES**



**Tarun Jain**  
(Registered Valuer)

IBBI Reg. No.: IBBI/RV/02/2018/10045

Date: 17<sup>th</sup> October, 2023

Place: New Delhi