

To,
The Board of Directors,
Jigar Cable Limited
CIN: L28999GJ2017PLC095651
Registered office: Plot No 164/14 & 15,
Jamwadi GIDC – 2,
Gondal, Rajkot (Gujarat) – 360311

Dear Sir,

SUB: VALUATION REPORT PURSUANT TO REGULATION 166A(1) & 165 OF SEBI (ICDR) REGULATIONS, 2018

We refer to our engagement vide Audit Committee Resolution dated 3rd January 2024 wherein Jigar Cable Limited ("Company") has requested undersigned Kaushal Vinayakbhai Dave ("Registered Valuer") to evaluate the Issue price as per Regulation 165 of SEBI (ICDR) Regulations, 2018 (read with other applicable regulations) for the proposed issue of 33,00,000 Equity Warrants convertible into Equity shares.

We hereby enclose the Report on Valuation for the evaluation of Issue Price for the proposed allotment of 33,00,000 Equity Warrants convertible into Equity shares in compliance with Regulation 166A(1) and 165 of SEBI (ICDR) Regulations, 2018.

Based on the Scope and limitations of work, Sources of information and Valuation methodology of the report and the explanations therein, the Issue Price for the proposed issue of 33,00,000 Equity Warrants convertible into Equity shares on preferential basis amounts to **Rs 29.87 per share** (rounded off to nearest decimal as **Rs 30.00 per share**) calculated as per Regulation 165 of SEBI (ICDR) Regulations, 2018.

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Kaushal Vinayakbhai Dave
Registered Valuer – Securities or Financial Assets
Registration No. IBBI/RV/06/2023/15371
ICAI Membership No 174550
UDIN:24174550BKAHIS5256

Date:09th January-2024
Place:Rajkot

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Valuation Analysis

We refer to our Engagement vide Audit Committee Resolution dated 3rd January 2024 confirming our appointment as Registered valuers of Jigar Cable Limited (the “Company”). In the following paragraphs, we have summarized our Valuation Analysis (the “Analysis”) of the business of the Company as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on our scope of work as mentioned in herein below in this report.

Context and Purpose

Based on discussion with the Management, we understand that the Company is in process of issue of 33,00,000 Equity Warrants convertible into Equity shares

Details for Proposed Allottees are as under

Name	Number of Equity Warrants convertible into equity
Ramnik Parshotambhai Vaghasiya	13,70,000
Sangita Niteshbhai Vaghasiya	6,30,000
Pankaj Vasantbhai Shingala	10,00,000
Sukrom Technologies Private Limited	3,00,000
Total	33,00,000

Assumptions

We have relied upon the representations contained in the public and other documents in our possession concerning the value and useful condition of all investments in securities or partnership interests, and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

We have been informed by management that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

Background of the company and Industry

Jigar Cable Limited having its registered office at Plot No 164/14 & 15, Jamwadi GIDC – 2, Gondal, Rajkot (Gujarat) – 360311, was incorporated on 7th February, 2017.

Jigar Cables Limited engaged in the business of business of manufacture, dealer, importer, exporter, commission agent, producer, processors of House wires, Submersible flat Cables, Industrial Flexible Cables, Control Cables, Power Cables, Submersible Motor Winding wires, special purpose cables for electronic Industries, Magnet Wires, PVC Winding Wires, Fire Insulated Wires and stripes, Communication cables, Insulted wires and cables Radio Frequency Products, Steel and Aluminium Wires, Sub-marine special cables, elevators cables, Solar Cables, Air Craft Wires, Dredger Cables, Carrier cables, Switch board cables, Signalling cables, motor care wires, gas filled cables, oil filled cables, Jelly filled telephone Cables, Branded Cables, CCTV cables, LAN Cables, Bare Copper, Tinned copper, PVC/XLPE/PE Granules or Compound, PVC Resin and chemicals, and other wire of all kinds of component, bye product in respect of thereof.

Jigar Cables Limited is one of the largest manufactures of "SIGMA" brand electric wires & cables in India. The Company has an experience of manufacturing wires and cables for more than 20 years, with the help of advance technology and skillful employers. The Company has emerged as a pioneer in the electrical field.

The Company is managed by Directors namely:

DIN	Name
06910845	Sangita Niteshkumar Vaghasiya
06965718	Ramnik Parsotambhai Vaghasiya
07662195	Parsotambhai Laljibhai Vaghasiya
08467162	Shardaben Nanjibhai Bhalala
08682980	Kantilal Gordhandas Lakhani
08980436	Shailesh Bhikhubhai Khatara

Background information of the asset being valued

33,00,000 Equity Warrants convertible in to equity share and to be allot to following allotees

Purpose of valuation and appointing authority:

To arrive at Issue price per share as per Regulation 165 of SEBI (ICDR) Regulations, 2018 for the proposed issue of 33,00,000 Equity Warrants convertible into Equity shares, out of which 33,00,000 Equity warrants convertible into Equity shares on preferential basis to promoters and promoters group of the company.

Disclosure of valuer interest/conflict, if any:

We affirm that we hold no pecuniary interest in the shares of the company, neither in the past, present, nor will we have any in the future. The opinions expressed are entirely unbiased in this regard. Our adherence to the prescribed code of conduct under the Companies (Registered Valuer and Valuation) Rules 2017.

Date of appointment, valuation date and date of report:

Date of appointment	3 rd January 2024
Valuation date	31 st December-2023
Date of report	09 th January-2024

Basis/ bases of value used

Upon reviewing the information available on the BSE website and the documents presented to us, we are of the opinion that the shares of Jigar Cable Limited have been irregularly traded on the BSE until January 8, 2024. Detailed calculations supporting this conclusion have been provided here for your reference

As per Issue of Capital and Disclosure Requirements share can be classed as frequently traded on if 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 issue.

As Jigar Cable Limited is listed on the BSE (SME) platform, we have taken into consideration the following details for the applicability of Regulation 164(1) or 165 of the ICDR 2018

Cut-off Date: 09.01.2024		
Consideration Date :14.05.2023		
Date	No of Share Traded	No of Share Listed in BSE (SME) Platform
From 14.05.2023 to 09.01.2024	5,40,000	70,32,000
% of Share Traded on BSE		7.67%

Considering the aforementioned analysis, it is evident that the shares of Jigar Cable Limited are infrequently traded. Consequently, the valuation of the aforementioned shares can be conducted in accordance with Regulation 165 of the ICDR 2018

Valuation Standards

The Report has been prepared in compliance with the SEBI ICDR Regulations, 2018.

Valuation Methodology, Approach and Procedures adopted in carrying out the valuation

Procedure/ Methodology:

- The present valuation exercise is being undertaken in order to determine the company value of 33,00,000 Equity Warrants Convertible in Equity and issued by Jigar Cable Limited
- There are three generally accepted approaches to valuation:
 - a) "Cost" Approach
 - b) "Market " Approach
 - c) "Income" Approach

Within these three basic approaches, several methods may be used to estimate the Value. An overview of these approaches is as follows

Cost Approach:

- The cost approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

Net Asset Value Method

- The Net Asset Value ("NAV") method under cost approach, considers the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the value of the company.
- NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits
- This valuation approach is mainly used in cases where the asset base dominates earnings capability or going concern aspect of the entity is uncertain

Break Up Value Method

- Under the Break Up Value ("BV") method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) is deducted to arrive at the BV of the company. Since Issue of CRPS
- This Valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments. This may also be considered for arriving at the floor value of the companies.

Market Approach

Market Price Method

- Under this approach, the Market Price ("MP") of an equity share / preference share as quoted on a recognized stock exchange is normally considered as the fair value of the equity share / preference share respectively, of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the

true worth of the company / instrument being traded

Comparable Companies Multiple Method

- Under the Comparable Companies Multiple (“CCM”) method, the value is determined on the basis of multiples derived from valuations of comparable companies listed on the stock exchanges. This is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporates all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- Value of the business so arrived at needs to be adjusted by the value of contingent assets/liabilities, surplus assets and dues payable to Preference Shareholders, if any, to arrive at the value for equity shareholders. However, this adjustment shall depend on the multiple being used for valuation.

Comparable Transaction Multiple Analysis

- Under the Comparable Transactions Multiple (“CTM”) method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.

Income Approach

Discounted Cash Flow Method (‘DCF’)

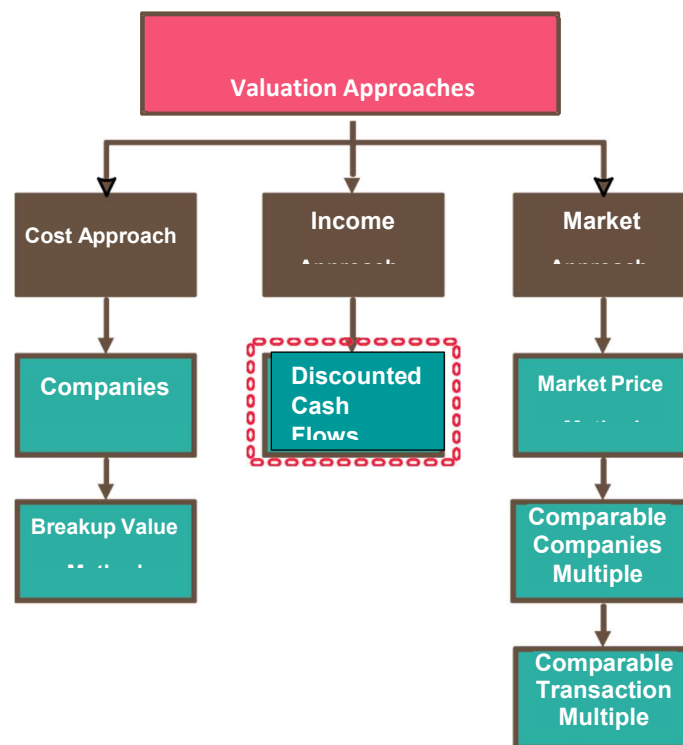
- Under the Discounted Cash Flow Method (“DCF”) method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.
- Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.
- Discount rate is the Weighted Average Cost of Capital (“WACC”), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity–debt risk and debt–equity ratio of the Company.
- The perpetuity (terminal) value is calculated either based on the business’s potential for further growth beyond the explicit forecast period or exit multiple. The “constant growth model” is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period. In case of “exit multiple”, the underlying assumption is that the business will be valued on a market multiple basis at the end of last projected year.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business’s future operations.
- The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business

Valuation Approach Considered

Rationale for Valuation Approaches Methodologies:

It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made certain assumptions with respect to company performance and general business and economic conditions, many of which are beyond the control of the company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the company, and other factors which generally influence the valuation of company.

Income Approach: Under Income approach, we have considered DCF method for valuation of the company, since the same captures the earning and growth potential of the company Valuation Approaches.



Based on our discussion with the company's management and the details provided to us, it is evident that as of the date of our valuation, the company's books of accounts are currently under audit, and only provisional accounts are available for our assessment. Furthermore, as of the date of our valuation, the company has not obtained valuation reports for its land, buildings, and plant machinery from other registered valuers. Considering the pending audit and the non-availability of valuation reports for land and plant machinery, we have concluded that the Discounted Cash Flow (DCF) method will be the appropriate approach to value the company's shares

Valuation Analysis

Discounted Cash flows

- Based on representations received from the company's management and the projected cash flows, we have applied the following parameters for discounting.
- For the purpose of calculation of tax in the explicit period and terminal year, we have considered the tax rate currently applicable to Corporate tax (i.e 30.00%) in India

Cost of Capital	Rate	Explanation
Risk free return	7.20%	Risk free rate has been considered based on zero coupon yield curve as on Valuation Date of Central Government Securities having maturity period of 10 years.
Beta	0.95	We have utilized the beta of the Electricity industry in India, as per the data available from the Damodaran online database
Return on market Portfolio	15.28%	Return of BSE all indices till 31 st December-2023.
Base Cost of Equity	14.86%	$Ke=Rf+B*(RM-RF)$
TGR	11.00%	We have used the terminal growth rate for the Electricity industry in India, sourced from the Damodaran online database.

- We have taken Gordon Growth model to determine Terminal Value of Free cash flow to Equity (FCFE).

Valuation of the Issue Price per share

The valuation of the Issue price per share is arrived at as per Regulation 165 of Chapter V of SEBI ICDR Regulations, 2018. The Price Calculation is attached herewith as Annexure-A.

Sources of Information

For the purpose of this valuation exercise, we have relied on the following sources of information primarily provided to us by the management of the Company:

1. Objective for Proposed preferential issue
2. Discussion with management
3. Data Available on BSE official website
4. Memorandum of Association and Article of Association
5. Projection provided by management including Projected Balance sheet, Revenue Statement and Cash flow

Distribution of report

The Analysis is confidential and has been prepared exclusively for finding out of Issue price per share for the proposed issue of 33,00,000 Equity Warrants convertible into Equity shares It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of **Kaushal Vinayakbhai Dave**, Registered Valuer. Such consent will only be given after full consideration of the circumstances at the time.

Valuation Summary

- The valuation conclusions arrived at many cases are by their nature subjective and dependent on the exercise of individual judgment. There can be therefore no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness
- The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration
- As per DCF method of Valuation value of company is as under

Methods	INR Lacs
DCF Method	2100.50
No of Share Pre allotment of Warrants	70,32,000
Value per Share	29.87
Value Per Share (in INR) (R/off)	30.00

We would like to bring it to your notice that in the ultimate analysis, valuation will have to be arrived by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality 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 company

Yours Faithfully

.....
Kaushal Vinayakbhai Dave
Registered Valuer – Securities or Financial Assets
Registration No. IBBI/RV/06/2023/15371
ICAI Membership No 174550
UDIN:24174550BKAHIS5256

Date:09th January-2024

Place:Rajkot

Annexure A

Valuation as per DCF Method

(Amount in INR Lacs)

Particular	FY 24 3 months	FY 25 12 Month	FY26 12 Months	FY27 12 Month	FY28 12 Months
Net Sales	3500.00	4500.00	7500.00	10,000.00	15,000.00
Profit after Tax	122.50	213.75	394.00	650.00	1160.00
Add					
Depreciation	29.15	28.25	55.00	65.00	61.99
Loan For Capex	-	58.73	20.00	30.00	70.00
Working Capital Loan	68.15	150.00	150.00	150.00	150.00
Change in working Capital	77.67	(474.26)	(235.59)	(488.17)	(1029.32)
Less					
Capital Expenditure	16.95	50.00	250.00	250.00	250.00
Repayment of debts	25.26	-	-	-	-
Free Cash Flow to Equity (FCFE)	255.29	(73.53)	133.41	156.83	122.67
Annual Factor	0.25	1	1	1	1
Discounting Period	0.25	1.25	2.25	3.25	4.25
Present value of FCFE	246.62	(64.02)	116.15	136.54	98.10
Explicit period Value		533.40			
Discounted Terminal Value		1567.10			
Present Value of Cash Flows		2100.50			
Value of Company (Rounded off)		2100.50			
No of Equity Pre Allotment		70,32,000			
Value Per Equity Share		29.87			
Value Per Share (in INR) (R/off)		30.00			