

SUJATA SHARMA

B.Com, FCA, ACS, FAFD (ICAI), Insolvency Professional
and Registered Valuer (Securities or Financial Assets)
Registrartion No.: IBBI/RV/06/2019/12460

PAN No.: ACRPS8205Q
GST No.:07ACRPS8205Q1ZM

Mobile no : +91 9810079081, Phone no: +91 011 47152434

Email : sujatasharma2205@gmail.com and sujata225@hotmail.com

Address-Residence- D 650, Saraswati Vihar, Pitampura, Delhi-110034

February 23, 2023

Board of Directors,
JK Tyre & Industries Limited
Patriot House, 3, Bahadur Shah Zafar Marg,
New Delhi – 110002

Addedndum To Valuation Report Dated 03.02.2023 for Determination of Floor Price of Equity Shares of JK Tyre & Industries Limited ("JKTIL") in compliance with Regulation 166A(1) of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 and subsequent amendments thereto.

In terms of the engagement letter dated 3rd February, 2023 of JK Tyre & Industries Limited and NSE requirement letter dated 14th February, 2023 having Ref no : NSE/LIST/34368 for the purpose to express an opinion on the Floor Price of Equity Shares of the Company in compliance with provisions of Regulation 166A(1) of SEBI (ICDR) Regulations, 2018 for the purpose of allotting equity shares through preferential allotment in terms of Chapter V of SEBI (ICDR) Regulations, 2018 and also it has been informed by the management that there shall be no change in control pursuant to said preferential issue of shares.

The earlier Valuation Report dated 3rd February 2023 was issued using Market Approach and Asset Approach. However, as advised by the stock exchange, the Company has requested us to issue an addedndum to the above report to also include Income Approach of the valuation.

Accordingly, I have calculated the floor price of equity shares of JK Tyre & Industries Limited ("JKTIL") using all the three valuation approach, viz, Market Approach, Asset Approach and Income Approach.

A detailed updated valuation report is appended herewith.

With Best regards,



Sujata Sharma
Registered Valuer (Securities or Financial Assets)
Registrartion No.: IBBI/RV/06/2019/12460
ICAI Registration No. ICAIRVO/06/RV-P00276/2019-2020

Valuation Report
on the floor price of equity shares of
JK Tyre & Industries Limited

February 23, 2023

Prepared by:
Sujata Sharma
Registered Valuer
(Security or Financial Assets)
Delhi



February 23, 2023

Board of Directors,
JK Tyre & Industries Limited
Patriot House, 3, Bahadur Shah Zafar Marg,
New Delhi - 110002

Subject: Valuation Report Dated for Determination of Floor Price of Equity Shares of JK Tyre & Industries Limited ("JKTIL") in compliance with Regulation 166A(1) of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 and subsequent amendments thereto.

I. INTRODUCTION

A. ENGAGEMENT OUTLINE/ OBJECTIVE

I (CA Sujata Sharma, a Registered valuer) have been appointed by the JKTIL to express an opinion on the Floor Price of Equity Shares of the Company in compliance with provisions of Regulation 166A(1) of SEBI (ICDR) Regulations, 2018 for the purpose of allotting equity shares through preferential allotment in terms of Chapter V of SEBI (ICDR) Regulations, 2018 and also it has been informed by the management that there shall be no change in control pursuant to said preferential issue of shares.

Further in compliance with Regulation 166A(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, I confirm that I am an Independent Registered Valuer.

As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this report. While utmost care has been taken, however, my report is subject to the limitations detailed hereinafter:

- a. **Relevant Date for the purpose of Price Calculation** – Valuation analysis and results are specific to the Relevant Date i.e., February 03rd, 2023 contemplated on the basis of information and estimations provided by the management. The valuation has been conducted with reference to the latest financial statement available as on reference date.
- b. **Independent Valuer** - I am an Independent Registered Valuer registered with competent authority vide registration no. IBBI/RV/06/2019/12460
- c. **Engagement Date and Management Representation Date** – I was engaged by JK Tyre & Industries Limited for the valuation of equity shares of JKTIL vide Engagement Letter dated 03rd February 2023 and have been provided Management Representation Letter dated 03rd February 2023.
- d. **Reliance on the Information provided** – I have been provided with certain written and verbal information and assumptions from the management of "JKTIL". I have relied on the information provided by the management and experts and have not conducted any detailed enquiry. Accordingly, I do not express any opinion or offer any form of assurance regarding its accuracy and completeness.
- e. **Valuation Analysis** – Valuation of business is not a precise art and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment.
- f. **Caution to users of the Report** – This report and the information contained herein are confidential. It is intended only for the sole use of the purpose mentioned in this report.

This report must be considered in the above-mentioned context only and is not an advisory document for any other purpose. The report may not be distributed, reproduced, or used, without the express written consent of Sujata Sharma for any purpose other than mentioned above. The valuation analysis should not be construed as investment advice.



II. SOURCES OF INFORMATION

My expression of the opinion on the fair value of the Company is supported by all procedures that I deem to be relevant. I have obtained sufficient information and relied on the data, facts, information, documents, and explanations as authenticated, and provided to me by the Management. I have relied upon Management Representation Letter dated February 03rd, 2023.

The management provided the following information to Registered Valuer:

- A Brief Note on the background of the Company.
- Annual Report of JKTIL for the financial year ending March 31, 2022.
- Audited Financial Statements of the Subsidiaries of JKTIL for the Financial year ending March 31, 2022.
- Limited Review financial statements of JKTIL for the Period ending September 30, 2022.
- Discussions with the Management, and other quantitative and qualitative data.

Supporting data, copies of source documents, and other pertinent information supporting my opinion of value are maintained in my files.

III. BRIEF BACKGROUND OF JKTIL

JK Tyre & Industries Limited is a Public incorporated on 14 February 1951. It is classified as Non-govt company and is registered at Registrar of Companies, Jaipur. Its authorized share capital is Rs. 1,800,000,000 and its paid up capital is Rs. 492,461,760.

The flagship company of JK Organisation, JK Tyre & Industries Ltd is amongst the top 25 manufacturers in the world. Pioneers of radial technology, the Company produced the first radial tyre in 1977 and is currently the market leader in Truck Bus Radial segment. The Company provides end-to-end solutions across segments of passenger vehicles, commercial vehicles, farming, Off-the-Road and two & three-wheelers.

The Company has 12 globally benchmarked 'sustainable' manufacturing facilities - 9 in India and 3 in Mexico – that collectively produce around 33 million tyres annually. On domestic front, the Company also has a strong distribution network of over 6000 dealers and 650+ dedicated Brand shops called as Steel Wheels, Truck Wheels and Xpress Wheels. JK Tyre exports to over 100 countries with over 180 Global distributors.

JK Tyre's unwavering commitment towards innovation is reflected through its state-of-the-art global research and technology centre – the Raghupati Singhania Centre of Excellence - in Mysore, which houses some of the world's finest technologies and techniques.

JK Tyre launched India's first ever 'Smart Tyre' technology and introduced Tyre Pressure Monitoring Systems (TPMS) which monitors the tyre's vital statistics, including pressure and temperature. In 2020, the company rolled out its 20 millionth Truck/Bus Radial tyre becoming the first and the only Indian company to achieve this milestone.

JK Tyre is the only Indian tyre manufacturer to be included in the list of Superbrands India in 2021 for the eighth consecutive year. Additionally, JK Tyre was featured among India's Best Companies to Work for or in 2022 by Great Place to Work. Another remarkable addition to the list of the brand's accolades is being a 4-time recipient of the Economic Times - Iconic Brand of the Year Award. JK Tyre has been conferred the Sword of Honour for Safety across its plants by the British Safety Council, UK. The company entered the Limca Book of Records with the country's largest off-the-road tyre - VEM 04. JK Tyre also received award to be among the India's top 30 Most Sustainable companies, organized by Business world.

JK Tyre is also synonymous with motorsport in the country. For over three decades, the Company has relentlessly worked towards shaping India's positioning as the motorsport hub of Asia, developing the right infrastructure for the sport and promoting young talent in the arena.

JK Tyre secures 'Best in Class' rating in ESG performance - CareEdge has undertaken ESG rating of the Company. In recognition of its superior environment, social and governance practices, JK Tyre has been rated as the best among peers, in the sub-industry category of tyre. Overall ESG score at 75 out of 100 is considered "Very Good".

JK Tyre recently was awarded the most coveted Safety award in the world - the Sword of Honour for Safety across its plants by the British Safety Council, UK.



(Source : Management)

IV. Shareholding Pattern as filled with BSE upon valuation date:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares
(A) Promoter & Promoter Group	20	13,85,25,055	13,85,25,055	56.26
(B) Public	1,92,755	10,77,05,825	10,77,05,825	43.74
Grand Total	1,92,775	24,62,30,880	24,62,30,880	100.00

V. PROCEDURES ADOPTED

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

- Requested and received financial and qualitative information
- Used data available in public domain related to JKTIL and its peers
- Discussions (physical/over call) with the Management to:
 - Understand the business and fundamental factors that affect its earning-generating capability and historical financial performance.
- Undertook Industry Analysis:
 - Research publicly available market data including economic factors and industry trends that may impact the valuation
 - Analysis of key trends and valuation multiples of comparable companies using proprietary databases subscribed by me or my network firms
- Selection of well accepted valuation methodology/(ies) as considered appropriate by us.
- Arriving at fair valuation of equity shares and equity share warrants of JKTIL

VI. STANDARD COMPLIANCE AND VALUATION BASIS

I estimated the frequency of trading during 240 Trading Days preceding the Relevant Date, i.e., February 03rd, 2023 and have determined the shares to be frequently traded in terms of Regulation 164(5) of SEBI (ICDR) Regulations, 2018. As per para 164(4) of SEBI's ICDR Regulation,

"A preferential issue of specified securities to qualified institutional buyers, not exceeding five in number, shall be made at a price not less than the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date."

Further as per regulation 166A(1)

"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":

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:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium which shall be computed over and above the price determined in terms of the first proviso:"



VII. VALUATION METHODOLOGY

The fair value of equity shares have been arrived based on the various approaches / methods explained below and various qualitative factors relevant to the Company and the business dynamics and growth potentials of the business of the Company, having regard to information base, key underlying assumptions and limitations.

There are primarily three approaches in valuation (viz., Asset Approach, Income Approach and Market Approach). For any valuation, all the approaches may not be relevant and ,therefore, will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

According to IVS 104 "Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

I have adopted internationally accepted valuation standards and approaches in delivering my valuation conclusion. There are several principal valuation approaches under International Valuation Standards, of which I have considered only those approaches to the extent of its applicability and relevance in this case

Various approaches generally adopted in valuation are as under:

1. Income Approach: Profit Earning Capacity Value (PECV) Method;
2. Market Approach: Market Price Method;
3. Market Approach: Comparable Companies' Multiple Method; and
4. Asset Approach: Net Asset Value Method;

I have considered the Income Approach (i.e. Profit Earning Capacity Value Method) and Market Approach (i.e. Market Price Method and Comparable Companies' Multiples (CCM) Method) for valuation of JKTIL.

Income Approach - Profit Earning Capacity Value Method (PECV) : Profit-earning capacity value is a business valuation method that estimates the value of a company based on its ability to generate future profits. The profit-earning capacity value approach is based on the principle that the value of a business is directly related to its ability to generate income or cash flows in the future.

This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits. For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.

In the present valuation analysis, I have applied this method. However, I have given NIL weight to this method, as price calculated in this working doesn't represent the actual earning potential of the company.

Market Approach – Market Price (MP) method: Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. The equity shares of JKTIL are listed on the BSE Limited and National Stock Exchange of India Limited and are traded frequently (based on the assessment as per SEBI guidelines to determine whether the shares frequently traded or not) . In these circumstances the share prices observed on NSE over a reasonable period (i.e 180 Days prior to the relevant date) have been considered for arriving at the fair value per equity share of JKTIL under the Market Price method.

Market Approach - Comparable Companies' Quoted Multiples (CCM) method: Under this method, one attempts to measure the value of the shares / business of a company by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business. This valuation is based on the principle that such 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. In the present valuation analysis, I have considered CCM method (using Trailing Twelve Months EV/EBITDA Multiple) for arriving the value per equity share of JKTIL.



Asset Approach – Net Asset Value (NAV) method: Under this approach, the net asset value method is considered, which is based on the underlying net assets and liabilities. In the present valuation analysis, I have applied this method. However, I have given NIL weight to this method, as asset doesn't represent the earning potential of the company.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I have given equal weight to MP method and CCM method to estimate the value of equity shares of JKTIL.

VIII. Conclusion of Value

The Calculation of Concluded value per share is presented as below:

JK Tyre & Industries Limited			
<i>Calculation of concluded fair value per share</i>			
Particular	Value Per Share (INR) (A)	Weight (B)	Weight Value (A*B)
Market Approach - CCM Method	188.86	50%	94.43
Market Approach - Market Price Method (180 days)	169.63	50%	84.82
Assets Approach - NAV Method	118.74	0%	-
Income Approach - PECV Method	84.33	0%	-
Concluded Value Per Share (INR)			179.24

As per first proviso of Regulation 166A(1) the floor price for preferential allotment shall be higher of fair value concluded or price calculated in term of regulation 164(4).

Calculation of price as per regulation 164(4)

JK TYRE & INDUSTRIES LIMITED			
Value in term of regulation 164(4)			
No. of trading Days	Total Volume Traded	Total Turnover Traded (INR)	Volume Weighted Average Price in (INR)
10 days	14,867,819	2,469,395,604	166.09
Concluded Value (INR)			166.09

Hence the concluded floor value as per proviso one to regulation 166A(1) is:

JK TYRE & INDUSTRIES LIMITED	
Floor Price as per first proviso one to Regulation 166A (1)	
Particular	Amount (INR)
Fair Value	179.24
Value as per 164(4)	166.09
Concluded Value - higher of above	
	179.24

Further as per second proviso to regulation 166A(1) if the proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.



The management has informed that the proposed issue of equity shares shall be made to qualified institutional buyers not exceeding 5 and will not result in change of control hence the second proviso isn't applicable.

Therefore, the floor price of equity shares as per regulation 166A(1) of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 and subsequent amendments thereto of JKTIL is estimated ₹ 179.24 per share.

IX. Limitation and Disclaimers

This report is subject to the limitations detailed hereinafter. This report is to be read in totality and not in parts, in conjunction with the relevant document referred to therein.

Valuation work, by its nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. While I have provided my recommendation based on the information available to me and within the scope and constraints of my engagement, others may have a different opinion.

Further, this valuation report is based on the extant regulatory environment and the business/ market conditions, which are dynamic in nature & may change in future, thereby impacting the valuation of the company.

For the present valuation exercise, I have also relied upon information available in the public domain, however the accuracy and timeline of the same has not been independently verified by us.

While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.

The client/owner and its management/representatives warranted to me that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents. I do not make any representations or warranty, express or implied, regarding the achievability of forecasts and completeness of such other information as provided by the Management.

The information contained herein is based on the analysis of information available at the time when this report was prepared.

The information presented on the valuation report does not reflect the outcome of any due diligence procedure, which may impact the valuation report materially.

I have no present or contemplated financial interest in the Company. The fee for this engagement is not contingent upon the results of this report. I have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report.

In the course of valuation, I was provided with both written and verbal information, including market, technical, financial and operating data.

The actual market price achieved may be higher or lower than my estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to me as of, the date hereof. Events occurring after the date here of may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.



I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.

I have acted as an independent third party and, as such, shall not be considered an advocate for any concerned party for any dispute. The valuation has been carried out independently to assess the valuation services. I have no present or planned future interest in JKTIL or any of its group companies and the fee for this report is not contingent upon outcome of the transaction. My valuation 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 JKTIL.



Sujata Sharma

CA. Sujata Sharma
Registered Valuer
MRN: 087919

IBBI Membership No: IBBI/RV/06/2019/12460
ICAI Registration No. ICAIRVO/06/RV-P00276/2019-2020

Date: February 23, 2023
UDIN: 23087919BGWNKG1110
Place: New Delhi

X. ANNEXURE

Annexure 1

Calculation of price as per regulation 164(4)

JK TYRE & INDUSTRIES LIMITED			
Calculation of volume weighted average price of 10 Days			
S.No	Date	Total Traded Quantity	Turnover (INR)
1	02-Feb-23	1,053,120	174,555,714
2	01-Feb-23	1,308,794	221,391,780
3	31-Jan-23	1,128,191	186,705,714
4	30-Jan-23	1,045,933	170,443,492
5	27-Jan-23	1,695,827	274,217,180
6	25-Jan-23	2,301,542	377,030,788
7	24-Jan-23	3,072,891	497,887,691
8	23-Jan-23	2,322,268	398,002,078
9	20-Jan-23	573,881	102,825,110
10	19-Jan-23	365,372	66,336,058
Total		14,867,819	2,469,395,604
volume weighted average price (INR)			166.09

Calculation of Fair Value using PECV

JK TYRE & INDUSTRIES LIMITED			
Valuation using Profit Earning Capacity Value (PECV)			
<i>(All figures are in Rs. Crore unless mentioned otherwise)</i>			
Period	PAT	Exceptional ITEM	Adjusted Profit after Tax
01.04.2019 to 31.03.2020 (Consolidated Audited Financials)	149.01	-105.90	254.91
01.04.2020 to 31.03.2021 (Consolidated Audited Financials)	333.44	37.48	295.96
01.04.2021 to 31.03.2022 (Consolidated Audited Financials)	200.30	3.60	196.70
Average PAT			249.19
Capitalisation Rate of Industry @12%			2,076.58
Number of Equity Shares			24,62,30,880
Value per Share based on Earning Based Valuation (Rs.)			84.33

--End of the report--

