

REPORT ON VALUATION OF EQUITY SHARES

KERALA AYURVEDA LIMITED

**By Anjan Babu,
Registered Valuer**

May 11, 2023

ABOUT THE ENTITY

Name of the Entity	KERALA AYURVEDA LIMITED
Registered Address	VII/415, Nedumbaserryanthani, P O Alwaye, Ernakulam, Kerala - 683585
CIN	L24233KL1992PLC006592
Incorporation Date	July 06, 1992
Nature of Operations	Kerala Ayurveda Limited is primarily engaged in producing and selling Ayurvedic products, providing healthcare services, and operating clinics and resorts. The company grows and processes herbal medicines and trains professionals in the use of its medicines and yoga. It offers a wide range of Ayurvedic treatments, including holistic wellness, everyday wellness, health conditions, doshas, self-care bundles, and more.
Directors of the Entity	Gokul Patnaik Ramesh Vangal Anand Subramanian Subramaniam Krishnamurthy Kunjupanicker Anilkumar Harish Kuttan Menon Rajesh Sharma Shilpa Kiran Gududur
Listing Status	Listed

ENGAGEMENT DETAILS

We have been appointed as independent valuer by the management of Kerala Ayurveda Limited (vide engagement letter dated May 01, 2023) to determine the fair value of equity shares of the company as on May 08th 2023 ('Valuation Date'). Kerala Ayurveda Limited has plans to issue shares under Chapter V - Preferential Issue of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 as amended, and it requires fair valuation of equity shares of the company as of May 08th 2023.

The report issued by us herein is meant for said purpose only. This report should neither be placed before any party nor be made available for circulation except to the Management of the company.

SUMMARY

We have performed a valuation engagement, as that term is defined in the Indian Valuation Standards (IVS) as issued by the Institute of Chartered Accountants of India, of the Company as of May 08, 2023. This valuation was performed solely to assist in the matter of Valuation of equity shares; the resulting estimate of value should not be used for any other purpose or by any other party for any purpose. The estimate of value that results from a valuation engagement is expressed as a conclusion of value.

Based on our analysis, as described in this valuation report, the estimate of the equity value of the Company as of May 08, 2023, was INR 103.66 /- (Indian Rupees One Hundred and Three rupees Sixty Six Paise only).

This conclusion is subject to the Statement of Assumptions and Limiting Conditions found in 'ASSUMPTIONS AND LIMITING CONDITIONS' section of this Valuation Report' and to the Valuer's Representation found in 'Valuation Analysis & Conclusion' section. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

VALUATION BASE AND PREMISE

Valuation base applied is "Fair Value" and premise is "Going concern".

ICAI Valuation Standard 101 defines "Fair Value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

"Orderly Transaction" is a transaction that assumes exposure to the market for a period before valuation date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities and that is not a forced transaction. The length of exposure time will vary according to the type of asset and market conditions.

"Market Participants" would mean buyers and sellers in the principal or most advantageous market for the asset/liability who are independent of each other, knowledgeable, able, and willing to enter into the transaction for the concerned asset/liability and are not forced or otherwise compelled to do so.

I have determined the Fair Value of the Equity Shares of the Company relying upon its ability and intention to operate as going concern and reliable estimates, to this extent, were provided by management.

Hence, Fair Value of the Equity Shares of the Company is derived by referring to the total value that the Company can accumulate over the period by operating as going concern.

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INDUSTRY OVERVIEW

Herbal medicines and Ayurveda products are a part of the alternative medicine industry that focuses on using natural remedies derived from plants and herbs. These products have been gaining popularity due to a growing awareness of the potential side effects of conventional medicines. Operating clinics and resorts that offer traditional Ayurvedic treatments and practices is also a part of this industry. These clinics and resorts aim to provide a holistic approach to health and wellness by combining traditional Ayurvedic treatments with modern amenities.

The herbal medicine and Ayurveda industry is experiencing emerging trends that are shaping the future of the industry. One of the emerging trends is the increasing demand for natural and organic products. Consumers are becoming more aware of the benefits of natural products and are seeking holistic approaches to healthcare. Another trend is the integration of Ayurvedic therapies into general wellness and medical use worldwide. Ayurveda is an ancient Indian healing system that uses natural healing practices to cure clinical conditions such as sinusitis, cough, depression, and insomnia. Ayurvedic ingredients are extensively used in personal care products and health supplements along with drugs.

The growth of the global Ayurvedic market is driven by an increase in awareness of the adverse effects of allopathy among consumers, easy availability, affordability, and an increase in awareness of the benefits of Ayurvedic products. The demand for Ayurvedic herbs and herbal medicines and products is also increasing, and the government initiatives in India to promote Ayurvedic products and medicines are driving the growth of the industry in the region.

According to market research reports, the global Ayurvedic herbs market was valued at \$9.5 billion in 2020 and is anticipated to reach \$21.6 billion by 2028, growing at a CAGR of 10.8% during the forecast period. The global herbal medicine market size was valued at USD 151.91 billion in 2021 and is projected to grow to USD 347.50 billion by 2029, exhibiting a CAGR of 11.16% during the forecast period.

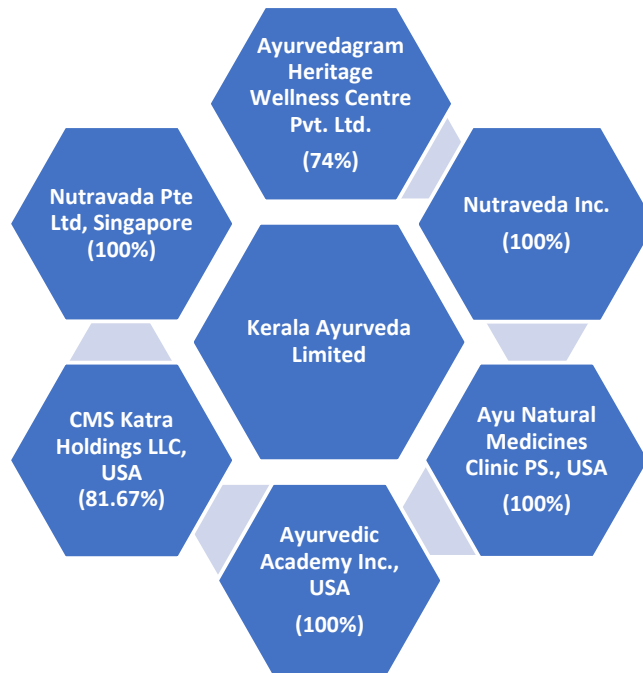
Source: LinkedIn, Mordor Intelligence, Allied Market Research, Science Direct.

ENTITY OVERVIEW

KERALA AYURVEDA LIMITED has been in operation for around 80 years, offering a range of Ayurvedic products, including medicines, herbal supplements, and personal care products. The company operates several Ayurvedic treatment centers across India, including a flagship center in Aluva. It also offers Ayurvedic training programs for healthcare professionals and individuals interested in learning about Ayurveda. The company's operations are spread over J&K, Punjab, Himachal Pradesh, Delhi, and Chandigarh.

Kerala Ayurveda has a diversified product portfolio that includes more than 400 products, catering to various health needs. The company has a strong distribution network that includes 24 distributors and 1,500 stockists across India. Kerala Ayurveda's treatment centers have received recognition from various organizations, including the National Accreditation Board for Hospitals and Healthcare Providers (NABH) and the Green Leaf certification from the Kerala Tourism Department. The company has implemented various initiatives to promote sustainable practices, such as using renewable energy sources, reducing waste generation, and promoting the use of organic and natural products. Kerala Ayurveda has faced some challenges in recent years, including increased competition from other Ayurvedic companies and changes in regulations in the healthcare industry.

Kerala Ayurveda Holding Structure as on 08th May 2023:



INFORMATION RELIED UPON AND INSPECTIONS

We have relied upon below information for subject valuation exercise:

- 1 Understanding of nature of business and operations of the Company obtained from discussions with the management.
- 2 Memorandum & Articles of Association of the company
- 3 Audited Standalone Financial Statements of the Company for the Year ended March 31, 2021, and March 31, 2022.
- 4 Unaudited and management-certified periodical projected financial statements of the Company for the period starting from April 1, 2022, to March 31, 2028, including assumptions underlying.
- 5 Other information and explanations given by management (Refer Annexure – A for detailed representations).
- 6 Information available in public domain and databases.
- 7 Information pertaining to general market and industry conditions, obtained from sources in public domain which are considered to be reliable in general.

We have reviewed the projected financial statements provided by the Company and have assessed the reasonableness of the same based on our discussions with the Company's management concerning its prospects.

In the course of the study, I have used financial and other information provided by the management or obtained

from private and reliable public sources. However, I have not validated such information and our conclusions are dependent on such information being complete and accurate in all material respects.

Inspections and Investigations of Valuer

1. There are unutilized assets as on the valuation date and the management has represented to us that they will put to use such assets in the operations of the company. We have considered utilization of such assets in the operations of the company in the prospective years.
2. The estimate of fair value is expressed as falling within a likely range and not as a definitive single value. In our estimation of fair value, we have used the market approach and income approach, both of which have yielded a range of fair value. Since a single definitive value is required to be expressed because of regulatory restrictions, we used a simple arithmetic average of the two values to arrive at a single value. Neither approach warrants a higher weightage and carry equal merit.
3. As the provisional as well audited numbers of the subject company as on 31st March 2023 for the below line items are unavailable as on the valuation date, the balances of the same are considered for computing fair value as per Discounted Cashflow Method and Comparable Companies Multiples Method as on 31st December, 2022:

Particulars	Amount (In Lacs)
Cash & Cash Equivalents	153.63
Loans extended by the Company	2,299.95
Income Tax Advance	227
Term Loan	-5,848.02
Working Capital Loan	-441.43
Other Non-Operational Liabilities	-31.50

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STATEMENT OF LIMITATIONS AND DISCLAIMERS

- 1. Restrictions on Use of the Report:** The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation and may not be used out of the context presented herein. This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purposes indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. Possession of this report, or a copy thereof, does not carry with it the right to publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without the written consent of the Valuer. This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of Valuer.
- 2. Responsibility of Valuer:** We owe responsibility only to the board of directors of **KERALA AYURVEDA LIMITED** that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the client or companies, their directors, employees, or agents. Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
- 3. Accuracy of Information:** While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information. The financial information of the subject company is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for other purpose. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled this information and express no assurance on it.
- 4. Achievability of the forecast results:** We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management. If prospective financial information approved by management has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions.

5. **Post Valuation Date Events:** The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date. This valuation reflects facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered and have no obligation to update our report for such events and conditions.
6. **Range of Value Estimate:** The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value, and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, we have provided a single value for the overall Liquidation Value and Fair Value of the assets of the company, derived as an arithmetic average of the range of Liquidation and Fair Values. Whilst we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
7. **No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged:** The actual market price achieved may be higher or lower than our 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 the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which the actual transaction will take place.
8. **Reliance on the representations of the owners/clients, their management and other third parties:** The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We 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. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or willful default on the part of the companies, their directors, employees, or agents. We have conducted interviews with the current management of the client concerning the past, present, and prospective operating results of the company. Except as noted, we have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report.
9. **No procedure performed to corroborate information taken from reliable external sources:** We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

10. **Compliance with relevant laws:** The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
11. **Multiple factors affecting the Valuation Report:** The valuation report is tempered by the exercise of judicious discretion by the Valuer, taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value. The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.
12. **Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report:** We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such an event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority shall be under the applicable laws.
13. **Unavailability of information as on Valuation Date:** The Fair Value of assets of the company have been performed on the provisional unaudited balance sheet of the company provided by management as of the valuation date.
14. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of Valuer, based on information furnished to them by the client and other sources.
15. Valuer is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. Value does not conduct or provide environmental assessments and has not performed one for the subject property.
16. Valuer has not determined independently whether the client is subject to any present or future liability relating to environmental matters nor the scope of any such liabilities. Valuer's valuation takes no such liabilities into account, except as they have been reported to Valuer by the client or by an environmental consultant working for the client.
17. No change of any item in this valuation/conclusion report shall be made by anyone other than Valuer, and I shall have no responsibility for any such unauthorized change.

18. We have made no investigation of title to the property and assume that the owner's claim to the property is valid. 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 entity has good title to all assets.
19. **Limitation on scope of valuation:** No significant limitations on scope were encountered during our exercise.

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APPROACHES TO VALUATION

I. Pricing Approach as per Regulation:

As per Regulation 166A of SEBI (ICDR) Regulations 2018

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:

Computation as per Regulation 164 of SEBI (ICDR) Regulations 2018

"Pricing of frequently traded shares

164. (1) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks 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. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or
- b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

*Amendment has been made to Regulation 164 which prescribes for pricing for frequently traded shares, now instead of **26 weeks, 90 trading days** will be taken as basis period for determination of pricing of frequently traded shares.*

The pricing guideline prescribed under Regulation 164 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Last amended on July 25, 2022] states that If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 26 weeks [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:

- i. the [90 trading days] volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- ii. the [10 trading days] volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Relevant Date:

As per Regulation 161 of SEBI (ICDR) Regulations, 2018, "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.

Stock Exchange:

"For the purpose of regulation 164, '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 26 weeks [90 trading days] prior to the relevant date."

Frequently Traded shares:

As per Regulation 164 of SEBI (ICDR) Regulations, 2018 [Last amended on July 25, 2022], "Frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the twelve calendar months [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:

II. Income Approach

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

Income approach includes different models of valuation, out of which Discounted Cash Flow model ("DCF") is the most commonly used methodology for various assets such as shares, businesses, real estate projects, debt instruments, etc.

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of indefinite life assets. Terminal value is the value of the asset at the end of the explicit forecast period.

DCF is based upon expected future cash flows of the entity that will determine investor's actual return and is not influenced by short-term market conditions or non-economic indicators. DCF methodology is not vulnerable to accounting conventions since it is based on cash flows rather than accounting profits. DCF method of valuation is based on two key inputs: Cash flows and Discount rate.

Cash flow projections used for DCF shall reasonably capture the growth prospects and earnings capability of the entity, and shall be determined based on its past performance and factors such as the entity's vulnerability to advancement in technology, actions by competitors, changes in end-user requirements, expansion plans, cyclical fluctuations, effects of change in government policies, availability of financing etc.

Discount rate ("Cost of Capital") is the return expected by a market participant from a particular investment and shall not only reflect the time value of money but also the inherent risk in the asset being valued as well as risk inherent in achieving the future cash flows.

There are many methods which are used for determining the discount rate. The most commonly used methods are Capital Asset Pricing Model ("CAPM") and Weighted Average Cost of Capital ("WACC") which is the combination of cost of equity and cost of debt weighted for their relative funding in the asset. Additional risk premium can be added to the Discount rate to incorporate specific risks associated with stage and size of business of the entity.

Terminal value represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life. There are multiple methods in estimating the terminal value which include Gordon (Constant) growth model, Variable growth model, Exit multiple and Salvage/ liquidation value among others.

III. Market Approach

Market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business. Most commonly used methods under market approach are Market price method, Comparable companies multiple (CCM) or Comparable transactions multiple (CTM) method. Under Market price method the traded price of the asset observed over a reasonable period shall be considered.

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparable traded on active market.

While identifying and selecting the market comparable, the following factors shall be considered

- 1 Industry to which the asset belongs.
- 2 Geographic area of operations.
- 3 Similar line of business, or similar economic forces that affect the asset being valued; or
- 4 Other parameters such as size (for example - revenue, assets, etc.), stage of lifecycle of the asset, profitability, diversification, etc.

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method,' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparable (comparable transactions). While identifying and selecting the comparable transaction, following factors shall be considered:

- 1 Transactions that have been consummated closer to the valuation date are generally more representative of the market conditions prevailing during that time.
- 2 There shall be an orderly transaction.
- 3 Availability of sufficient information on the transaction to reasonably understand the market comparable and derive the transaction multiple; or
- 4 Availability of information on transactions from reliable sources.

IV. Asset Approach

Asset approach is a valuation technique that reflects the amount that would be required to replace the current service capacity of net assets of the Company or the value that net assets of the Entity can derive. The asset approach may be most appropriate for valuation in following specific circumstances:

- i. An asset can be quickly recreated with substantially the same utility as the asset to be valued and without regulatory or legal restrictions.
- ii. In case of liquidation; or
- iii. In cases where income approach and/or market approach cannot be used, such as:
 - 1. Where there is a paucity of information about future profitability or uncertainty about future cash flows.
 - 2. Where there are violent fluctuations or disruptions in future cashflows.
 - 3. Where it is required by specific provisions of any tax or other statutes.

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SELECTION OF APPROACH & METHODOLOGY

I have considered various approaches and methods available for subject valuation and the relative emphasis of each was considered based on:

- 1 Nature and stage of business of the Company.
- 2 Nature of industry to which the operations of the Company belong.
- 3 Reliability and availability of adequate inputs/information for each method/approach of valuation.
- 4 Extent of availability of industry and comparable information.
- 5 The purpose of valuation.

6 Regulatory Requirement/Guidance: In Compliance with Regulation 166A of SEBI (ICDR) Regulations 2018

Keeping in mind the purpose of the report and availability of information, along with the pricing regulations specified under Regulation 164 of SEBI (ICDR) Regulations 2018, Income Approach – Discounted Cash Flow methodology & comparable companies multiples approach has been adopted for subject valuation since in our view it derives best estimate value of Equity Shares of the Company.

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VALUATION CALCULATIONS

Price computed as per the Regulation 164 of SEBI (ICDR) regulations:

Particulars	Information	Reason/Comments/Computations
Relevant Date	08 th May 2023	Date of shareholders meeting: 07 th June 2023
Stock Exchange	BSE Limited	Highest Trading volume during the preceding 90 trading days prior to 08 th May 2023.
Frequently traded share?	Yes	The traded turnover in BSE during 240 trading days preceding 08 th May 2023 is 24,75,450 shares which is exceeding 10% of total number of shares. (i.e.10,55,567 shares)

As outlined in Annexure 1 (c) below, the price per share computed as per procedures laid down by Regulation 164 of SEBI (ICDR) Regulations, 2018 for listed entities on a recognized stock exchange is INR 103.66.

Price determined under the valuation report of Independent registered valuer:

S. No.	Particulars	Weights	INR
A	Fair Value per Equity share as per Income Approach – Discounted Cash flow Method (Refer Annexure-2 for workings)	50%	95.46
B	Fair Value per Equity share as per Market Approach – Comparable Companies Multiple Method (Refer Annexure-3 for workings)	50%	98.04
Weighted Average Price of (A) & (B)		100%	96.75

CONCLUSION

We have performed a valuation engagement, as that term is defined in the Indian Valuation Standards (IVS) as issued by the Institute of Chartered Accountants of India, of the Company as of 08th May 2023. This valuation was performed solely to assist in the matter of Valuation of Equity shares; the resulting estimate of value should not be used for any other purpose or by any other party for any purpose. This valuation engagement was conducted in accordance with the Indian Valuation Standards. The estimate of value that results from a valuation engagement is expressed as a conclusion of value. The valuation was conducted as per Internationally accepted pricing methodologies and as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

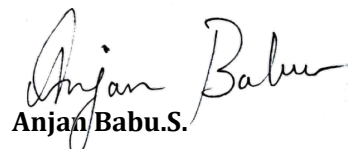
No difficulties or other obstacles have arisen in subject valuation.

The report should be read with the working attached herewith as Annexure 1, 2 & 3. Based on our analysis, as described in this valuation report, the price per share computed as per procedures laid down as per SEBI (ICDR) Regulations for listed entities on a recognized stock exchange is laid out in the below table. This conclusion is subject to the Statement of Assumptions and Limiting Conditions found in 'STATEMENT OF LIMITATIONS AND DISCLAIMERS' section of this Valuation Report.

Independent Valuation Report

S. No.	Particulars	Amount (Rs.)
A	Price computed as per Regulation 164 of SEBI (ICDR) Regulations, 2018	103.66
B	Price determined under the valuation report of Independent registered valuer	96.75
C	Price determined in accordance with provisions of AOA of the company	NA
Higher of A, B & C		103.66

Hence, the pricing for preferential allotment of shares shall not be less than INR 103.66.



Anjan Babu.S.

Chartered Accountant and Registered Valuer

IBBI Registration Number: IBBI/RV/06/2018/13540

ICAI Membership Number: 241590

UDIN: 23241590BGXKMM5865

Date: May 11, 2023

Place: Bangalore

Statement of Computation:

Annexure 1(a): Average of the volume weighted average price (VWAP) of the Equity Shares of Kerala Ayurveda Limited quoted on the Bombay StockExchange during the 90 trading days preceding the relevant date. (As the days preceding the relevant date i.e., May 08, 2023)

S. No.	Date of Trading Days	No. of shares traded	Turnover (In Rs.)
1	05-May-23	6,565	6,60,434.0
2	04-May-23	2,884	2,96,277
3	03-May-23	5,136	5,30,489
4	02-May-23	3,519	3,64,807
5	28-Apr-23	2,705	2,79,745
6	27-Apr-23	3,493	3,60,165
7	26-Apr-23	5,921	6,20,382
8	25-Apr-23	9,917	10,59,932
9	24-Apr-23	30,167	32,50,065
10	21-Apr-23	56,789	57,51,925
11	20-Apr-23	12,217	11,51,724
12	19-Apr-23	5,194	4,72,039
13	18-Apr-23	1,140	1,01,957
14	17-Apr-23	4,855	4,15,191
15	13-Apr-23	2,041	1,88,733
16	12-Apr-23	4,665	4,25,325
17	11-Apr-23	1,368	1,22,764
18	10-Apr-23	993	91,562
19	06-Apr-23	20,689	19,02,263
20	05-Apr-23	1,510	1,28,817
21	03-Apr-23	3,698	3,14,093
22	31-Mar-23	2,874	2,40,744
23	29-Mar-23	5,313	4,40,383
24	28-Mar-23	18,933	14,99,723
25	27-Mar-23	5,310	4,41,594
26	24-Mar-23	6,738	5,98,809
27	23-Mar-23	823	73,446
28	22-Mar-23	2,799	2,47,401
29	21-Mar-23	2,791	2,47,014
30	20-Mar-23	508	45,440
31	17-Mar-23	1,298	1,17,209
32	16-Mar-23	2,180	1,94,847
33	15-Mar-23	2,688	2,46,009
34	14-Mar-23	14,399	13,07,574
35	13-Mar-23	1,214	1,10,578
36	10-Mar-23	6,638	6,08,291
37	09-Mar-23	24,900	23,07,331
38	08-Mar-23	11,601	10,54,555
39	06-Mar-23	7,162	6,37,617
40	03-Mar-23	1,969	1,76,735
41	02-Mar-23	3,516	3,13,372
42	01-Mar-23	6,764	6,04,994
43	28-Feb-23	10,164	9,07,039
44	27-Feb-23	3,649	3,28,392
45	24-Feb-23	1,496	1,38,648

S. No.	Date of Trading Days	No. of shares traded	Turnover (In Rs.)
46	23-Feb-23	5,433	4,89,275
47	22-Feb-23	5,703	4,98,565
48	21-Feb-23	3,192	2,86,964
49	20-Feb-23	15,399	13,99,305
50	17-Feb-23	10,317	9,45,966
51	16-Feb-23	10,259	9,31,841
52	15-Feb-23	16,894	15,16,296
53	14-Feb-23	17,930	16,76,798
54	13-Feb-23	5,127	5,08,830
55	10-Feb-23	1,102	1,12,471
56	09-Feb-23	1,449	1,47,909
57	08-Feb-23	2,512	2,57,714
58	07-Feb-23	5,543	5,58,820
59	06-Feb-23	7,714	7,87,485
60	03-Feb-23	7,946	8,25,077
61	02-Feb-23	3,978	4,20,809
62	01-Feb-23	7,506	7,88,091
63	31-Jan-23	5,503	5,78,384
64	30-Jan-23	6,230	6,44,597
65	27-Jan-23	11,796	12,36,333
66	25-Jan-23	9,781	10,58,963
67	24-Jan-23	9,355	10,31,254
68	23-Jan-23	47,982	53,07,164
69	20-Jan-23	13,997	14,68,794
70	19-Jan-23	21,797	22,86,429
71	18-Jan-23	18,253	19,13,062
72	17-Jan-23	37,994	39,87,849
73	16-Jan-23	34,189	36,27,405
74	13-Jan-23	8,894	9,17,819
75	12-Jan-23	18,614	20,03,005
76	11-Jan-23	12,647	13,43,978
77	10-Jan-23	5,826	5,85,338
78	09-Jan-23	10,246	10,29,066
79	06-Jan-23	12,476	12,92,897
80	05-Jan-23	8,818	9,53,290
81	04-Jan-23	5,301	5,80,598
82	03-Jan-23	23,814	26,56,730
83	02-Jan-23	56,618	63,65,027
84	30-Dec-22	16,917	17,65,412
85	29-Dec-22	11,269	11,29,212
86	28-Dec-22	10,373	10,46,421
87	27-Dec-22	12,495	12,55,296
88	26-Dec-22	27,619	25,82,070
89	23-Dec-22	29,788	27,13,525
90	22-Dec-22	74,205	78,14,220
Total		10,21,994	10,27,02,788

Annexure 1(b): Average of the volume weighted average price (VWAP) of the Equity Shares of Kerala Ayurveda Limited quoted on the Bombay StockExchange during the 10 trading days preceding the relevant date. (As the days preceding the relevant date i.e., May 08, 2023)

Trading Days	Date of Trading Days	No. of shares traded	Turnover (In Rs.)
1	05-May-23	6,565	6,60,434
2	04-May-23	2,884	2,96,277
3	03-May-23	5,136	5,30,489
4	02-May-23	3,519	3,64,807
5	28-Apr-23	2,705	2,79,745
6	27-Apr-23	3,493	3,60,165
7	26-Apr-23	5,921	6,20,382
8	25-Apr-23	9,917	10,59,932
9	24-Apr-23	30,167	32,50,065
10	21-Apr-23	56,789	57,51,925
Total		1,27,096	1,31,74,221

Annexure 1(c): Applicable Price as of the relevant date, i.e., May 08, 2023

Particulars	Rs.
A] Average of 90 trading days VWAP (Rs.)	100.49
B] Average of 10 trading days VWAP (Rs.)	103.66
Applicable Price (Higher of A or B) (Rs.)	103.66

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Annexure 2:

Computation of fair value of equity as per Discounted Cash flow Approach

Particulars	INR in Lakhs
Present Value of Explicit Period Cashflows	4,109.77
Discounted Terminal Value	4,996.07
Present Value of Future Operational Cashflows	9,105.84
Add:	7,292.05
Cash & Cash Equivalents	153.63
Fair Value of Market Investments	1.57
Fair Value of Investment in Subsidiaries/Associates	4,610.05
Loans extened by the Company	2,299.95
Income Tax Advance	226.86
Less:	-6,320.95
Term Loan	-5,848.02
Working Capital Loan	-441.43
Other Non-Operational Liabilities	-31.50
Fair Value of Equity	10,076.95
Total Number of Equity Shares	1,05,55,670.00
Fair Value per Equity Share	95.46

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Annexure 3:

Computation of fair value of equity as per Comparable Companies Multiples Approach (CCM)

List of Comparables & their multiples			
S. No.	Name of the Company	Enterprise Value (In lakhs)	EBITDA Multiple
1	Zydus Wellness Limited	9,71,000	28.83
2	Abbott India Limited	46,39,100	34.49
3	Kaya Limited	55,400	-31.91
4	Amrutanjan Healthcare Limited	1,57,200	25.09
5	Dabur India Limited	93,93,300	36.02
6	Source Natural Foods & Herbel Supplements Limited	6,360	22.28
7	Panchsheel Organics Limited	21,200	10.47
Average of multiples			17.90

Source for the above enterprise value & EBITDA multiples: Yahoo Finance

Particulars	Amount (In Lacs)
EBITDA for the FY 2022-2023	524.0
Enterprise Value	9,377.4
Add: Cash & Cash Equivalents	153.6
Add: Loans extended by the company	2,299.9
Add: Income Tax Asset	226.9
Add: FMV of Investments	4,611.6
Less: Other Non-Operational Liabilities	-31.5
Less: Term Loan	-5,848.0
Less: Working Capital Loan	-441.4
Fair Value of the equity	10,348.5
Total Number of Equity shares	1,05,55,670.0
Fair value per equity share	98.04

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Annexure - A

We have relied upon following management representations/ assumptions in subject valuation:

Name of the Entity	KERALA AYURVEDA LIMITED
Registered Address	VII/415, Nedumbaserryanthani, P O Alwaye, Ernakulam, Kerala - 683585
Incorporation Date	July 06, 1992
Nature of Operations	Kerala Ayurveda Limited is primarily engaged in producing and selling Ayurvedic products, providing healthcare services, and operating clinics and resorts. The company grows and processes herbal medicines and trains professionals in the use of its medicines and yoga. It offers a wide range of Ayurvedic treatments, including holistic wellness, everyday wellness, health conditions, doshas, self-care bundles, and more.

1. Annual Report of the Company covering the Audited Financials, Notes to Accounts, Auditors Report, Significant Accounting policies for FY 2021-22 and FY 2020-21
2. Unaudited and management certified periodical projected financial statements of the Company for the period starting from April 1, 2022, to March 31, 2028, including assumptions underlying.
3. Current Shareholding pattern of the Company as on 08th May 2023.
4. Certificate of Incorporation, PAN & GST Registration of the Company
5. List of Directors of the company
6. Other Information Considered Useful during valuation assignment.
7. There are no contingent liabilities, unusual contractual obligations, substantial commitments, or any surplus non-operating assets as on the Valuation Date other than those disclosed, which would materially affect the forecasts relied upon.
8. Long term expected growth rate based on industry conditions and operating outlook of the Company is 5%.
9. We confirm that it is the current intention to run the business operation as a going concern.
10. All documents, records, and information relevant for review of the financial outlook have been disclosed and are complete and accurate in relation to the subject valuation as at Valuation Date.
11. The commercial decision is independent of the valuation report.
12. In the event of events beyond the control of the management, the projected financial statements may not hold good.
13. We confirm that all our replies to your queries either via correspondences or management meetings on the earnings capacity and operating outlook reflect our judgment, as at Valuation Date, regarding the future operational capability and profitability of the business after taking into account all relevant factors.
14. The effective tax rate applicable to the Company for the FY 23-24 & FY 24-25 is 27.82 % & from the FY 25-26 onwards, it is 29.12% which in our view reflects the best estimate of the tax incidence borne after adjustment of the tax benefits available.
15. There are unutilized assets as on the valuation date and we confirm that the same will be put to use in future for generating cashflows.
16. In relation to above projected financial statements:
 - a) The financial position and operating results for the forecast period reflect the best judgment of the Management, based on expected future market conditions and the likely course of action to be taken as at the Valuation Date.
 - b) Accounting principles used in the preparation of the forecast data are in consistent with generally accepted accounting principles.
 - c) All key assumptions for the forecast period are applied consistently and no factors that may be relevant are neglected.