



रामगुण्डम फर्टिलाइजर्स एण्ड केमिकल्स लिमिटेड

रामगुण्डम फर्टिलाइजर्स एण्ड केमिकल्स लिमिटेड RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

(A Joint Venture Company of NFL, EIL & FCIL)

REVISED NOTICE

SHORTER NOTICE is hereby given that the 8th Extraordinary General Meeting of the Members of Ramagundam Fertilizers and Chemicals Limited (EGM) will be held on **Monday, the 26th day of December, 2022 at 11.00 a.m. through Video Conference (VC)/ Other Audio Visual Means (OAVM) facility at Corporate Office, National Fertilizers Limited at A-11, Sector-24, Noida- 201301** and the proceedings of the Meeting shall be deemed to be made at the said place, to transact the following business: -

SPECIAL BUSINESS:

ITEM NO. 1 Alteration of Articles of Association of the Company

To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as **Special Resolution(s)**:

“RESOLVED THAT pursuant to provisions of Section 14 and other applicable provisions, if any of the Companies Act, 2013 (including any amendment, statutory modification or re-enactment thereof for the time being in force), read with Rule 33 of the Companies (Incorporation) Rules, 2014 and other applicable Rules, if any and subject to such other approvals, permission and consents as may be required, the Articles of Association of the Company (AOA) be and is hereby altered by inserting/ modifying the following clauses in the manner set out herein below:

(1) The new Article be inserted in AOA as follows:-

“3 (j) Issuance of shares on private placement basis:

Notwithstanding anything contained in these Articles, the Company is authorised to raise further capital by way of preferential issuance of shares to State Government of Telangana to recover their share of Project Cost and Cost Overrun, provided such preferential issuance of shares is approved by a special resolution of its members and the issuance of shares is undertaken in accordance with applicable Laws.”

(2) The existing Article 4(c) in the AOA be modified as follows:

“4 (c) Overriding provisions of the SSSHA:

In case of any inconsistency/ conflict between these Articles and any other agreement amongst Shareholders, the provisions of SSSHA shall prevail. Each Shareholder and Affiliate shall comply with all the provisions and deliverables mentioned in SSSHA. Notwithstanding the foregoing, the provisions of Article 3(j) shall despite the inconsistency with the SSSHA prevail over the SSSHA.”

RESOLVED FURTHER THAT for the purpose of giving effect to the above, CEO, CFO and Company Secretary of the Company be and are hereby jointly and/or severally authorized to take all actions and do all such deeds, matters and things as they may, in their absolute discretion, deem necessary without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, desirable or expedient to give effect to the alteration in the Articles of Association of the Company including making necessary filings with the Registrar of Companies.

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RESOLVED FURTHER THAT CEO, CFO and Company Secretary of the Company be and are hereby jointly and/or severally authorized to issue a 'true copy' of above resolutions to any person involved or concerned in the above transaction."

ITEM NO. 2- Issuance of Equity Share Capital on Preferential basis to the State Government of Telangana.

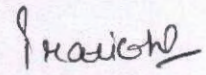
To consider and if thought fit, to pass, with or without modification, the following Resolutions as **Special Resolution(s)**:

- i) **RESOLVED THAT** the Company hereby take note of the valuation report giving the share valuation of the Company at Fair Value of Rs 9.83 each share prepared by ProXcel Advisory Services Private Limited."
- ii) **"RESOLVED FURTHER THAT** the receipt of funds amounting to Rs. 8,92,88,660 (Rupees Eight Crore Ninety Two Lakh Eighty Eight Thousand Six Hundred Sixty Only) from the State Government of Telangana towards Equity Share Capital be and is hereby ratified."
- iii) **"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 42 and 62(1)(c), and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (collectively, the **"CA 2013"**); Articles of Association of the Company; or any other laws/ rules / regulations/ guidelines, if any, prescribed by RBI and / or any other statutory / regulatory authority; if any, the consent of the members of the Company be and is hereby accorded and the Board of Directors of the Company be and is hereby authorized to create, issue and offer upto 89,28,866 (Eighty Nine Lakh Twenty Eight Thousand Eight hundred Sixty Six only) equity shares of the Company at the face value of Rs. 10 (Rupees Ten) each (**"Equity Shares"**) at par aggregating to Rs 8,92,88,660 (Rupees Eight Crore Ninety Two Lakh Eighty Eight Thousand Six Hundred Sixty Only) to the State Government of Telangana (**"Subscriber"**), on a preferential basis through private placement.
- iv) **RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act 2013, the names of the Subscriber be recorded for the issue of invitation to subscribe to the Equity Shares and the private placement offer letter in Form PAS 4 together with the application form and Record of private placement in Form PAS-5, as approved, be issued to the Subscriber inviting the Subscriber to subscribe to the Equity Shares.
- v) **RESOLVED FURTHER THAT** the monies received by the Company from the Subscriber for application of the Equity Shares pursuant to this private placement shall be kept by the Company in a separate bank account opened by the Company with State Bank of India and the monies shall be utilized by the Company in accordance with Section 42 of the Companies Act 2013.
- vi) **RESOLVED FURTHER THAT** the "Relevant Date" for the purpose of determination of the price of the Equity Shares to be issued as above shall be 30th September, 2022.
- vii) **RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted pursuant to this resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company in all respects.

viii) **RESOLVED FURTHER THAT** for the purpose of giving effect to the offer, issue, allotment of the Equity Shares, Director, CEO or CFO or CS be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose."

Place : Noida
Date : 23rd December, 2022

By order of the Board


(Pratibha Aggarwal)
Company Secretary
FCS 8874



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NOTES:-

1. 8th EGM of the Company would be convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with the Ministry of Corporate Affairs (MCA's) General Circular No. 14/2020 dated April 08, 2020, MCA General Circular No. 17/2020 dated April 13, 2020 and 3/2022 dated May 5, 2022 (collectively known as EGM circulars) and Clarification/Guidance issued by ICSI on applicability of Secretarial Standards on General Meetings (SS-2).
2. **PURSUANT TO GENERAL CIRCULAR NO. 14/2020 DATED APRIL 08, 2020, GENERAL CIRCULAR NO. 17/2020 DATED APRIL 13, 2020 AND 3/2022 DATED MAY 5, 2022, ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS (MCA), THE FACILITY TO APPOINT PROXY TO ATTEND AND CAST VOTE FOR THE MEMBERS IS NOT AVAILABLE FOR THIS EGM. HOWEVER, THE BODY CORPORATES ARE ENTITLED TO APPOINT AUTHORISED REPRESENTATIVES TO ATTEND THE EGM THROUGH VC/OAVM AND PARTICIPATE THEREAT AND CAST THEIR VOTES THROUGH E-VOTING.**
3. In view of the ongoing COVID-19, social distancing is to be a pre-requisite and pursuant to the GM circulars, physical attendance of the Members at the EGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM through VC/OAVM.
4. Those Shareholders whose email IDs are not registered, are requested to register their email ID with the Company by sending a mail to pratibha.aggarwal@rfcl.co.in
5. The facility for joining the EGM shall be kept open atleast 15 minutes before the time scheduled to start the Meeting and shall not be closed till the expiry of 15 minutes after such scheduled time and the Members can join accordingly by following the procedure mentioned in the Notice.
6. The attendance of the Members attending the EGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance at pratibha.aggarwal@rfcl.co.in.
8. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the Extraordinary General Meeting is annexed hereto and forms part of the Notice.
9. All documents referred to in the Notice calling the EGM and the Explanatory Statement are available for inspection through e-mode and shall be furnished through e-mail at the registered email address of the Shareholder, for inspection, as per specific request received at pratibha.aggarwal@rfcl.co.in.
10. Pursuant to the provisions of Section 107 of the Companies Act, 2013 a resolution put to the vote of the meeting shall, unless a poll is demanded under section 109, be decided on a show of hands as per the process mentioned in the EGM circulars.
11. The Notice calling the EGM has been uploaded on the website of the Company at www.rfcl.com.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM THROUGH VC/OAVM ARE
AS UNDER:**

1. Members whose email IDs are already registered with the Company and who are desirous to attend the EGM through VC/OAVM can send their request at pratibha.aggarwal@rfcl.co.in by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID. The invitation to join the EGM will be sent to the Members on their registered email IDs.
2. Members may attend the EGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/ Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above — Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.
3. In case of Android/ iphone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.
4. Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation.
7. A.) During the meeting held through VC or OAVM facility, where a poll on any item is required, the member shall cast their vote on the resolutions by sending emails through their email addresses which are registered with the Company to the email address: pratibha.aggarwal@rfcl.co.in
B.) Where less than 50 members are present in a meeting, the Chairman may decide to conduct a vote by show of hands, unless a demand for poll is made by any member in accordance with section 109 of the Act. Once such demand is made, the procedure provided in point no (A.) shall be followed.

EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under respective Item Nos. 1 & 2 of the accompanying Notice:-

ITEM NO. 1- Alteration of Articles of Association of the Company

1. The Board at its meetings held on 49th and 53rd held on 23rd March, 2020 and 22nd January, 2021 respectively have been informed that in order to maintain intended shareholding pattern and for funding of project cost, unissued shares shall have to be issued to SGOT at later stage on preferential basis, through private placement under Section 42, 62 and other applicable provisions of the Companies Act, 2013 read with the relevant Rules, subject to amendment of Articles of Association (AOA) of the Company and approval of Shareholders.

2. The State Govt. of Telangana (SGOT) has remitted a total amount of Rs. 53,87,89,980/- (Rupees Fifty Three Crore Eighty Seven Lakh Eighty Nine Thousand Nine Hundred Eighty Only) on 10th and 11th November, 2022 including their equity share capital contribution of Rs. 44,95,01,320 (Rupees Forty Four Crore Ninety Five Lakh One Thousand Three Hundred Twenty Only) and Rs. 8,92,88,660 (Rupees Eight Crore Ninety Two Lakh Eighty Eight Thousand Six Hundred Sixty Only) towards proposed preferential issue of shares.

The Board vide its Circular Resolutions No. 69 A & B (13 of F.Y. 2022-23) passed on 17th November, 2022 approved allotment of Shares of Rs. 44,95,01,320 on Right basis to the State Government of Telangana.

3. In terms of Article 3(b)(ii) and 3(f)(i)(i) of AOA, the Company can issue shares only by way of rights issuance. The foregoing provisions are applicable in respect of incurrence of project cost. Further, after the project cost is incurred, thereafter as well, the shareholders have a pre-emptive right to protect their shareholding in the company as per Art 3(f)(ii). Similar provisions are also defined in Clauses 9.1(a) and 9.2(a) of the Share Subscription cum Shareholders Agreement dated August 18, 2018 ("SSSHA"). As per Clause 21.8 of the SSSHA read with Article 4(c) of the AOA, in case of any inconsistency between the provisions of SSHA and AOA, the provisions of SSHA are mandated to prevail over the provisions of AOA.

4. In the given facts and circumstances, the rights issuance is not required as other shareholders have already subscribed to their quota of shares. Accordingly, alteration of AOA would be required to enable issuance of Shares to SGOT on preferential basis.

5. Pursuant to the provisions of Section 14 of the Companies Act, 2013, The Board of Directors approved and recommended the alteration of the Articles of Association to the shareholders of the company by way of a special resolution.

6. The Board recommends this resolution set out in Item No.1 of this notice for approval of the shareholders.

7. None of the Directors, Key Managerial Personnel and their relatives is concerned or interested in the resolution, except as holders of shares in general or that of the companies and/or institutions of which they are directors, or members and who may hold shares in the Company.



8. A copy of the existing and altered set of Articles of Association will be made available for inspection at the Registered and Corporate office of the Company during the Company's working hours on any business day up to the date of the Extra-Ordinary General Meeting.

ITEM NO. 2- Issuance of Equity Share Capital on Preferential basis to Govt. of Telangana.

Objects of the Preferential Issue:

The issue is through preferential offer to the State Govt. of Telangana, to raise balance pending equity capital of their proportion, to comply with the equity commitment as per Articles of Association of the Company.

The total number of shares or other securities to be issued

89,28,866/- (Rupees Eighty-nine Lakh twenty Eight Thousand Eight Hundred Sixty-six Only) equity shares of the Company of the face value of Rs. 10 (Rupees Ten) each ("Equity Shares") at par aggregating to Rupees 8,92,88,660/- (Rupees Eight Crore Ninety Two Lakh Eighty Eight Thousand Six Hundred Sixty Only).

The price or price band at/within which the allotment is proposed:

The allotment is proposed to be made @ Rs 10/- (Rupees Ten) per Equity Share at par.

Terms of Issue of the Equity Shares, if any.

The Equity Shares allotted in terms of this resolution shall rank pari passu with existing equity shares of the Company in all respects.

Basis on which the price has been arrived at along with report of the registered valuer;

Equity shares are to be issued at the value of Rs. 10/- per share i.e. on face value as per the Valuation Report by M/s ProXcel Advisory Services Private Limited, being made in accordance with requirements of Companies Act, 2013.

Valuation Report by M/s ProXcel Advisory Services Private Limited, is attached at **Annexure-I.**

Relevant Date with reference to which the price has been arrived at;

The relevant date for the determination of the price per equity share pursuant to the preferential allotment is 30th September, 2022 ("Relevant Date").

Class or classes of persons to whom the allotment is proposed to be made

The allotment 89,28,866 Equity Shares of Rs. 10/- is proposed to be made to the State Government of Telangana, (Existing Shareholder).

Intention of promoters / directors / key managerial personnel to subscribe to the offer:

None of the promoters, directors or key managerial personnel intend to subscribe to the proposed issue.

Proposed time within which the allotment shall be completed:

Allotment of equity shares shall be completed within the time limit as prescribed under the relevant applicable provisions of the Companies Act, 2013, read with Rules framed thereunder.

The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them;

The proposed allottee is State Government of Telangana and the percentage of post private placement capital that may be held by them will be 11%.

Change in control, if any, in the Company that would occur consequent to the preferential offer:

There shall be no change in management or control of the Company pursuant to the issue of the equity shares.

No. of persons to whom allotment on preferential basis has already been made during the year, in terms of number of securities as well as price:

During the year, no preferential allotment has been made to any person.

The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

Not Applicable.

The pre issue and post issue shareholding pattern of the Company :

Sr. No.	Category	Pre Issue		Post Issue	
		No. of shares held	% of share holding	No. of shares held	% of share holding
A	Promoters' Holding:				
1	Indian:				
	Individuals	0	0	0	0
	Bodies Corporate :	119,08,61,200	63.30	119,08,61,200	63.00
	Sub Total	119,08,61,200	63.30	119,08,61,200	63.00
2	Foreign Promoters	0	0	0	0
	Sub Total (A)	119,08,61,200	63.30	119,08,61,200	63.00
B	Non-Promoters' Holding:				
1	Institutional Investors	19,89,97,534	10.58	20,79,26,400	11.00
2	Non- Institution:				
	Private Corporate Bodies	27,03,04,320	14.37	27,03,04,320	14.30
	Directors and Relatives	0	0		0
	Indian Public	0	0		0
	Other Including (Non Resident Indians)	22,11,58,080	11.76	22,11,58,080	11.70
	Sub Total (B)	69,04,59,934	36.70	69,93,88,800	37.00
	GRAND TOTAL= (A) + (B)	188,13,21,134	100.00	189,02,50,000	100.00

Lock in period:

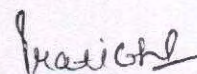
The proposed allotment of the equity shares, shall be subject to a lock-in period, as per provisions contained in the Articles of Association of the Company.

The Board of Directors of the Company believe that the proposed preferential issue is in the best interest of the Company and its members. The Board of Directors, therefore, recommends the resolution set out in Item No.2 of this notice for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives, except Shri Jayesh Ranjan, being Director nominated by the State Govt. of Telangana, is concerned or interested in the resolution, except as holders of shares in general or that of the companies and/or institutions of which they are directors, or members and who may hold shares in the Company.

By order of the Board

Place : Noida
Date : 23rd December, 2022


Pratibha Aggarwal)
Company Secretary
FCS 8874



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ROUTE MAP AND PROMINENT LANDMARK OF EGM VENUE AND ATTENDANCE SLIP.

In view of the COVID-19 pandemic and Ministry of Corporate Affairs ('MCA') General Circular No. 14/2020 dated April 08, 2020, No. 17/2020 dated April 13, 2020 and 3/2022 dated May 5, 2022, including any modification(s) and in reference to clarifications/ Guidance on applicability of Secretarial Standards on General Meetings (SS-2) dated April 15, 2020, the Company will hold the EGM through VC/OAVM, without the physical presence of the Members and accordingly, the Meeting is being convened through VC/OAVM facility at **Corporate Office, National Fertilizers Limited at A-11, Sector-24, Noida- 201301** and the **proceedings of the Meeting shall be deemed to be made at the said place** and physical presence of the Members are not required .





Consent by Shareholder for General Meeting at Shorter Notice

[Pursuant to section 101(1) of the Companies Act, 2013 read with Secretarial Standard – 2]

To,
The Board of Directors,
Ramagundam Fertilizers and Chemicals Limited,
(CIN: U24100DL2015PLC276753)

Regd. Office: Scope Complex, 7 Institutional Area,
Lodhi Road, New Delhi – 110003

Corporate Office: 4th Floor, Kribhco Bhawan,
Sector-1, Noida-201301

As per the requirement of Companies Act, 2013, EGM may be called after giving Shorter Notice if consent, in writing or by electronic mode, is accorded thereto by members of company holding majority in number of members entitled to vote and who represent not less than ninety-five percent of such part of the paid-up share capital as gives a right to vote at the meeting.

Further, in terms of Clause 1.2.7 of the Secretarial Standard – 2 issued by the ICSI, Notice of AGM/EGM and accompanying documents may be given at a shorter period of time if consent in writing is given thereto, by physical or electronic means, by not less than ninety-five per cent of the Members entitled to vote at such Meeting. The request for consenting to shorter Notice and accompanying documents, if any, shall be sent together with the Notice and the Meeting shall be held only if the consent is received prior to the Meeting from not less than ninety-five per cent of the Members entitled to vote at such Meeting.

In view of the requirement as stated above, I/We,

[NAME]

holding [No. of Equity Shares]
Equity Shares of Rs. 10/- each in the Company in our own name or through our nominees hereby give my/our consent to hold the 8th Extra-ordinary General Meeting of the Company on **Monday, the 26th day of December, 2022 at 11.00 a.m. through Video Conference (VC)/ Other Audio Visual Means (OAVM) facility at Corporate Office, National Fertilizers Limited at A-11, Sector-24, Noida- 201301 at a Shorter Notice**, pursuant to section 101(1) and other applicable provisions, if any, of the Companies Act, 2013 read with the Secretarial Standard.

(Signature of shareholder)

Registered Folio No. :

DP ID/ Client ID:

Dated:

11/11

Valuation
Report

September 30

2022

**Ramagundam Fertilizers and Chemicals
Limited**

To
The Management,
Ramagundam Fertilizers and Chemicals Limited

Date: 10th November, 2022

Dear Sirs,

Engagement for professional services in relation to fair value analysis to arrive at the Fair Value of Equity Shares of Ramagundam Fertilizers and Chemicals Limited and to provide Registered Valuer Certificate.

With reference to professional services in relation to the fair valuation analysis of Ramagundam Fertilizers and Chemicals Limited (hereinafter referred to as "RFCL" or the "Company"), please find enclosed herewith certificate of Registered Valuer for such valuation as on 30th September, 2022.

The certificate has been issued on the request of the Company for fair valuation analysis of equity shares of the Company for necessary regulatory compliances in relation to Companies Act, 2013. The certificate has been issued exclusively for specified purposes as mentioned above and hence should not be used for any other purpose, without obtaining the prior written consent from Valuer.

We wish to share that it had been our pleasure to render professional services to your organization and we can entrust you our best quality services every time.

Look forward for a long term professional relationship with your organization.

For Proxcel Advisory Services Private Limited


Authorised Signatory

Manuj Singh, CFA
Director



Manuj Singhal

CFA, FRM, PGDM

IBBI Registered Valuer – Securities or Financial Assets

Date: 10th November, 2022

To,
The Board of Directors
Ramagundam Fertilizers and Chemicals Limited

Dear Sirs,

In response to the above mentioned engagement between Proxcel and RFCL, Manuj Singhal (“Registered Valuer” or “Valuer”) has appointed to perform a valuation analysis of Ramagundam Fertilizers and Chemicals Limited to arrive at fair value of equity shares of the Company as on September 30th, 2022 (the “Valuation Date”). Registered Valuer understands that its analysis will be used by the management of the Company for necessary regulatory compliances under Companies Act, 2013.

This cover letter provides an overview of the purpose and scope of analysis and conclusions. Please refer to the attached report for a discussion and presentation of the analysis performed in connection with this engagement.

Purpose and Scope

Based on the discussions with the management, Registered Valuer understands that management of the Company intends to issue shares to the State Government of Telangana (herein referred as “SGOT”) by way of private placement. In this regard, management of the Company requires fair valuation report to arrive at Fair Value of equity shares of the Company, carried out by a Registered Valuer in accordance with internationally accepted valuation methodology for necessary regulatory compliances under Companies Act 2013.

The Report has been prepared exclusively for specified purposes as mentioned above and hence should not be used for any other purpose, without obtaining the prior written consent from Registered Valuer. This opinion should not be considered, in whole or in part, as investment advice by anyone.

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Summary of Findings

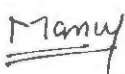
Based on Valuation Analysis of the business of Ramagundam Fertilizers and Chemicals Limited, in my assessment, the Fair Value of each equity share of the Company as on September 30th, 2022 is **INR 9.83**.

Refer **Exhibit A** for detailed analysis.

Registered Valuer has based this opinion on information provided and represented by the management of the Company and did not independently verify the information provided and in that regard, the validity of the valuation depends on the completeness and accuracy of the information provided by the Company.

Registered Valuer applies valuation techniques and methods that conform to generally accepted valuation practices.

Appraiser



Manuj Singhal, CFA
Registered Valuer - S&FA
R.No.-IBBI/RV/05/2018/10425
ICMAI RVO

Manuj Singhal, CFA

Registered Valuer

Category – Securities or Financial Assets

Registration No. – IBBI/RV/05/2018/10425

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Exhibits

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I. ENGAGEMENT OVERVIEW

1.1 Purpose and Scope

Based on discussions with the management of Ramagundam Fertilizers and Chemicals Limited (hereinafter referred to as "RFCL" or the "Company"), Registered Valuer understands that management of the Company intends to issue shares to the State Government of Telangana (herein referred as "SGOT") by the way of private placement. In this regard, management of the Company requires fair valuation report on valuation of equity shares of the Company, carried out by a "Registered Valuer" (as defined in Companies Registered Valuer and Valuations Rules, 2017) in accordance with internationally accepted valuation methodology for necessary regulatory compliances as prescribed under Companies Act, 2013.

Registered Valuer has performed a valuation analysis of the business of Company as of Valuation Date as specified in this report. The exercise has been carried out in accordance with the Caveats and Limitations set out in Section VIII of this report.

1.2 Standard of Value

Business valuation can be undertaken in a variety of contexts and for a variety of purposes. To begin with any valuation process, it is most pertinent to identify the type of value relevant to the transaction/case as different standards of value would yield different valuation figure for same business interest. In the given context, **Fair Value** is the appropriate standard of value.

Fair value is defined as:

"The fair value of an asset (or liability) is the amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale."

1.3 Premise of Value

The present valuation is undertaken on a **Going Concern Premise** i.e. on the premise that the Company will continue to operate in future and earn cash flows.

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1.4 Scope of Analysis

Registered Valuer has based this opinion on information provided and represented by the management of the Company. My review and analysis included, but was not necessarily limited to, the following steps:

- Interviews with Management concerning its assets, financial and operating history and forecasted future operations of the Company
- Analysis of the existing and proposed holding patterns of the Company.
- Analysis of future expected earnings of the Company
- Representations given by the management

1.5 Valuation Date

The Valuation analysis of business of the Company has been performed as of **September 30th, 2022**.

1.6 Conflict of Interest

There is no conflict of interest in opinion on valuation analysis of the business of the Company. Fee is not contingent upon the opinion expressed herein. This report is subject to the terms and conditions of the agreement as outlined in the engagement letter between Registered Valuer and the Company.

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I. COMPANY OVERVIEW¹

2.1 Company Background

Ramagundam Fertilizers and Chemicals Limited ("RFCL" or "the Company") is a public company limited by shares, incorporated on 17th February, 2015 and is domiciled in India. The Company is a joint venture promoted by National Fertilizers Limited (NFL), Engineers India Limited (EIL) and Fertilizers Corporation of India Limited (FCIL) and is formed for setting up new Ammonia-Urea complex at Ramagundam, Telangana, India, with capacity of 2200 MTPD Ammonia and 3850 MTPD Urea.

The Promoters NFL & EIL each having 26% equity. FCIL has been granted 11% equity in terms of CCEA approval. Govt. of Telangana has taken equity participation of 11% equity. RFCL has achieved a major milestone of achieving 100% per cent plant load of Ammonia and Urea on 25th April, 2022. With this Plant is poised to produce 12.70 Lakh MT urea annually. During the Financial Year 2021-22 total 389180.95 MT urea and 256500.253 MT of Ammonia was produced.

With the signing of Share Subscription Cum Shareholders Agreement (SSSHA) on 18th August, 2018 amongst RFCL, its Promoters and Investors, leading to Equity participation of 14.3% of Equity Capital by GAIL (India) Ltd. and 11.7% of Equity Capital by HTAS Consortium (consisting of HT Ramagundam A/S, IFU and Danish Agribusiness Fund, Denmark).

The company is engaged in the business of manufacturing and sale of ammonia and urea.

2.2 Project Overview

RFCL is in operation of a gas based urea manufacturing plant at Ramagundam, in the state of Telangana, India, with capacity of 2,200 Metric Tonne Per Day (MTPD) Ammonia Unit and 3,850 MTPD Urea Unit. The Project is being implemented under the decision of Government of India to undertake the revival of FCIL- Ramagundam Unit (i.e., setting up a new urea complex at the existing land).

2.3 Project Location

The plant has been constructed in Ramagundam, Karimnagar District in the state of Telangana. The Project Land of 1284 acres has been taken under a 99 year concession agreement with FCIL.

2.4 Project Configuration

The design capacities for the ammonia and urea complex are as follows:

- Ammonia Unit : 2,200 MTPD NH₃ and 2900 MTPD of CO₂
- Urea Unit : 3,850 MTPD Prilled Urea, Single Train

¹ Source: Information has provided by the Management

- o Captive Power Plant of 32.5MW

2.5 Process Technology

The major process units are the Ammonia Production Unit and the Urea Production Unit. Carbon-di-oxide and Ammonia are produced in the Ammonia unit from Natural Gas, Steam and Air. The Carbon-di-oxide and Ammonia are sent to the Urea Unit for the production of Urea. Urea is produced by synthesis from liquid ammonia and gaseous carbon dioxide. In the urea reactor, the ammonia and carbon dioxide react to form ammonium carbonate, a portion of which dehydrates to urea and water. The Urea is purified and excess Ammonia and Water are removed. The final product is prilled Urea which is then coated with Neem Oil. Neem coating is essential as per the extant Urea production Policy. Neem Coated Urea is bagged in 45Kg bags and transported through Rail and Road.

2.6 Project Cost

The Project cost has been estimated at Rs. 6,338.16 Crore and is proposed to be funded at a Debt-Equity Ratio of 70:30 i.e. Debt of Rs. 4,447.91 Crore and Equity of Rs. 1,890.25 Crore. The detailed project report (DPR) has been prepared by EIL. The entire debt requirement of Rs 4,447.91 Crore has been tied up through Rupee Term Loan (RTL).

The Company has tied-up Debt of Rs. 4,447.91 Crore as Project Loans under consortium arrangement led by State Bank of India with details as under:

Banks	Loan Amount(Rs.)
SBI	1921.48
Union Bank	1749.2
Bank of Baroda	413.6
BOI	184.9
Punjab National Bank	178.9

2.7 Promoters

• National Fertilizers Limited (NFL)

National Fertilizers Limited, a Scheduled 'A' & a Mini Ratna (Category-1) Company was incorporated on 23rd August 1974 and operates under the administrative control of Department of Fertilizers (DoF), Ministry of Chemicals & Fertilizers. Government of India holds 75% of shares in NFL. It is engaged in manufacturing and marketing of Nitrogenous Fertilizers primarily neem coated urea, bio-fertilizers (solid and liquid) and other industrial products like Nitric acid, Ammonium Nitrate, Sodium Nitrate/Nitrate etc. NFL is currently the second largest producer of urea in country. NFL has five gas based urea units located at Bathinda and Nangal in Punjab, Panipat (Haryana) and Vijaipur-I & II (M.P.).

- **Engineers India Limited (EIL)**

Engineers India Limited, a Navratna Company, was established in 1965 and is one of the leading design and engineering organization in South Asia. It provides engineering consultancy and EPC services with a focus on the oil & gas and petrochemical industries. EIL has also diversified into sectors like infrastructure, water and waste management, solar & nuclear power and fertilizers to leverage its strong technical competencies and track record.

- **Fertilizers Corporation of India Limited (FCIL)**

Fertilizers Corporation of India was incorporated in January 1961 and was subsequently re-organized with effect from 1st April 1978. FCIL is a Central Government Undertaking under the administrative control of Ministry of Chemicals & Fertilizers. FCIL has four fertilizer manufacturing units, one each at Sindri (Jharkhand), Ramagundam (Telangana), Talcher (Orissa) and Gorakhpur (U.P.). All the four manufacturing units are being revived by setting up new Ammonia - Urea Complex.

2.8 Current Status of the Company

- RFCL wants to issue equity shares to State Govt. of Telangana (SGOT) on preferential basis, through private placement under Section 42, 62 and other applicable provisions of the Companies Act, 2013 amounting to Rs. 8.93 crores.
- RFCL is having 8 equity share holders and the proportion of issue of equity shares is governed by shareholders agreement.
- At present, RFCL is having issued equity share capital of Rs. 1881.32 crores and subscribed equity share capital of Rs. 1836.37 crores. Money against right issue of Rs. 44.95 crores is pending from SGOT for nearly 2 years and expected to be received during the month November 2022.
- On its subscription, preferential issue of equity shares will be made at the earliest.
- Due to non-subscription of earlier issue by SGOT, they were not entitled for equal proportion of right issue on various occasions and there was pendency of share issues to them.
- As a result, this equity issue will only be made to one shareholder, SGOT, and allotment on a preferential basis is necessary.
- RFCL has declared its commercial operation on 22nd March, 2021 and it was in losses till FY 2021-22. During six months of FY 2022-23, company has come in to profits.

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2.9 Shareholding Pattern

The shareholding pattern of the Company as on Valuation Date is as follows:

Amount in INR				
SHAREHOLDING PATTERN				
S.No.	Particulars	No. of Shares	Face Value	Amount
	Common Equity Shares			
1	National Fertilizers Limited	491,462,400	10	4,914,624,000
2	Engineers India Limited	491,462,400	10	4,914,624,000
3	The Fertilizer Corporation of India Limited	207,936,400	10	2,079,364,000
4	State Government of Telangana	154,047,402	10	1,540,474,020
5	GAIL (India) Limited	270,304,320	10	2,703,043,200
6	HTAS Consortium	221,158,078	10	2,211,580,780
		1,836,371,000		18,363,710,000

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III. Industry Overview

3.1 Agriculture Market Overview

India is currently the world's fourth-largest producer of agrochemicals. Large population and rising urban and rural income have added to growth in demand for agriculture products. India has the second-largest arable land resources in the world. With 20 agri-climatic regions, all 15 major climates in the world exist in India. The country also possesses 46 of the 60 soil types in the world.

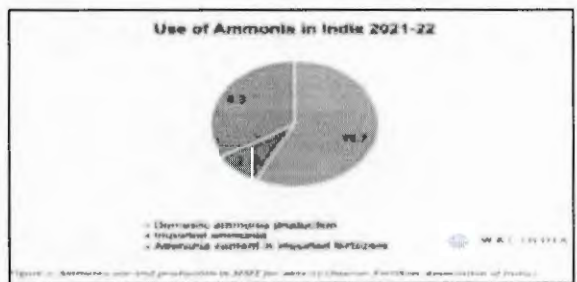
Indian Agriculture market also witnessed the increase in demand for agricultural inputs such as hybrid seeds and fertilizers. In India, agriculture is the primary source of livelihood for 54.6 per cent of the population. Agriculture and allied activities recorded a growth rate of 3.9 per cent in FY 2021-22 (uptil 31 January, 2022). Gross Value Added by the agriculture and allied sector is 18.8 per cent in FY 2021-22 (uptil 31 January, 2022).²

3.2 Fertilizers/Urea Market Overview

The Indian fertilizer market reached a value of INR 887.0 billion in the year 2020. It is expected that the market will grow by a CAGR of 11.9 per cent during the period 2021-26. During the period 2019-20, fertilizer use per hectare of cultivated area varied from 70.0 kg of NPK in Rajasthan to 250.0 kg in Telangana.³

India is the world's second largest consumer and third largest manufacturer of fertilizers. Fertilizer production in India has been grown over the years, from having an annual production of 22.2 MMT (million metric ton) during the period 1990-91, it has grown to 43.7 MMT during the period 2021-22.

Nitrate fertilizers have a 75.3 per cent share in total fertilizer production due to nitrogen being a critical nutrient for plant growth. These nitrate fertilizers require ammonia for the production process. The demand for ammonia during the period 2021-22 included domestic production of 15.7 MMT, followed by import of 2.3 MMT and the indirect ammonia import of 9.3 MMT.



² Source: Report, August 2022, "AGRICULTURE AND ALLIED INDUSTRIES", https://www.ibef.org/download/1664767618_agriculture-and-allied-industries-august-2022.pdf

³ Source: Report, September 2022, "Fertilizer Sector of India", <https://www.civildaily.com/fertilizer-sector-of-india/>

⁴ Source: Report, August 2022, "Hydrogen Application in Indian Fertilizer Industry: An Introduction", <https://wri-india.org/blog/hydrogen-application-indian-fertilizer-industry-introduction>

Urea and DAP production in India is increased by 16.0 per cent and 22.0 per cent till August 2022 over August 2021. Urea production during the FY 2022 till August is 116.0 Lac Tons and DAP production is 17.0 Lac Tons. Urea and DAP sales is up by 5.0 per cent and 7.0 per cent respectively.

NPKs Complex production and import all together have increased by 5.0 per cent over the year 2021 during the period April to August. DAP, MOP and NPK Complex imports have increased by 3.0 per cent, 25.0 per cent and 105.0 per cent respectively during the period April 2022-August 2022 over the period April 2021-August 2021, however urea imports were decreased by 13.0 per cent.

Fertilizer Production, Import & Sales in India (Qty. in Lac Tons) & Variation in %age										
Fertilizer	April to August' 2022				April to August' 2021			Variation over 2021 (In %age)		
	Production	Import	# Availability (Prod.+Imp.)	Sales	Production	Import	Sales	Production	Import	Sales
Urea	116.2	25.1	141.3	144.5	99.9	29.0	137.7	16	-13	5
DAP	17	24.7	41.7	40.3	14	24.0	37.9	22	3	7
MOP	9	7.1	7.1	5.4	0	5.7	10.7	0	25	80
NPK Complex	36.5	13.8	50.3	40.1	41.2	6.7	51.9	-11	105	-23
All India Total	170	71	240	230	155	65	238	10	8	-3
# Availability is excluding O.B. as on 1st April 2022										

The agrochemicals market in India is expected to grow by 8.6 per cent CAGR to reach USD 7.4 billion during the period 2021-26. Rise in demand in the agricultural segment is driving growth of agrochemicals in India. The government is planning to introduce production-linked incentive (PLI) scheme to promote domestic manufacturing of agrochemicals.⁶

3.3 Government Initiatives and Policies

- For 2021-22, the Union Budget has estimated fertilizer subsidy at Rs.79,530 crores (from Rs.66,468 crores in 2017-18).
- At current prices, farmers pay about Rs. 268.0 per bag of urea and the Government of India pays an average subsidy of about Rs. 930.0 per bag.
- In order to minimize the impact of rising prices on farmers, the bulk of the price rise is absorbed by the government through enhanced fertilizer subsidies.
- The Ministry of Chemicals and Fertilizers will implement One Nation One Fertilizer (ONOF) under the fertilizer subsidy scheme named "Pradhanmantri Bhartiya Janurvarak Pariyojna" (PMBJP).⁷

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⁵ Source: Report, September 2022, "India fertilizer production rise by 10% till August 2022", <https://fertiliserindia.com/india-fertilizer-production-rise-by-10/>

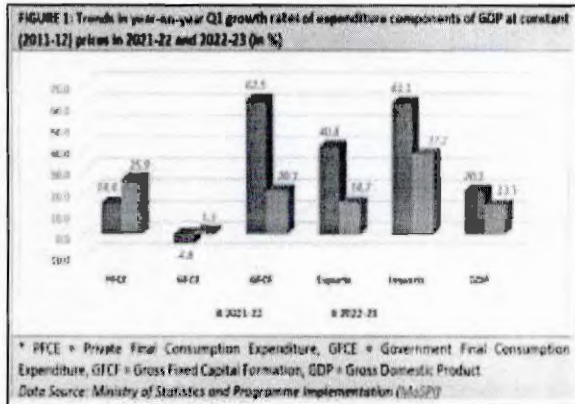
⁶ Source: Report, June 2022, "CHEMICALS", https://www.ibef.org/download/1661490279_Chemicals-June-2022.pdf

⁷ Source: Report, September 2022, "Fertilizer Sector of India", <https://www.civildaily.com/fertilizer-sector-of-india/>

IV ECONOMIC OVERVIEW

4.1 Gross Domestic Product

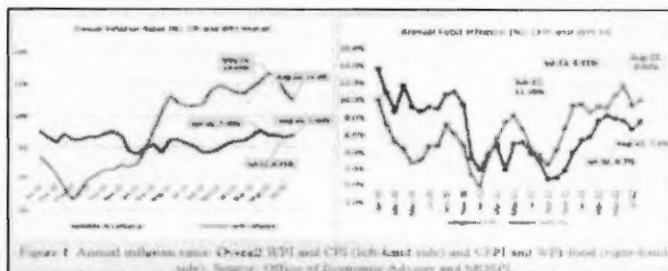
Real GDP at constant (2011-12) prices in Q1 of 2022-23 is expected at INR 32.5 lakh crores, registering 13.5 percent year-on-year growth over the financial year 2021-22. Nominal GDP (at current prices) in Q1 of 2022-23 is expected at INR 65.0 lakh crores, showing a growth of 26.7 percent over the first quarter GDP in the financial year 2021-22.



The manufacturing growth rate has fallen down to 4.8 per cent in Q1 of 2022-23. The construction growth rate has also moderated from 71.3 per cent in FY 2021-22 to 16.8 per cent in Q1 of 2022-23. The growth rate in electricity, gas, water, and other utilities has marginally increased from 13.8 per cent in the year 2021-22 to 14.7 percent in Q1 of 2022-23. For the same reason, financial, real estate, and other professional services experienced a larger growth rate at 9.2 percent in Q1 of 2022-23.⁸

4.2 Inflation Rate

The annual WPI and CPI inflation rates in August 2022 were 12.4 per cent (down from 13.9 per cent in July 2022) and 7.0 per cent (up from 6.7 per cent in July 2022), respectively. In terms of food, the wholesale inflation rate was 9.9 per cent (up from 9.4 per cent in July 2022) and at the retail level (consumer food price index), the inflation rate was 7.6 per cent (up from 6.7 per cent in July 2022).



⁸ Source: Report, September 2022, "Q1 GDP Growth Estimates: Encouraging but slightly below projections", <https://www.orfonline.org/expert-speak/q1-gdp-growth-estimates-encouraging-but-slightly-below-projections/>

In August 2022, the CPI food inflation rate was about 7.6 per cent. About 60.0 per cent of this was due to a steep rise in inflation in cereals, vegetables and milk and milk products. Compared to this, in August 2021, major drivers of food inflation were edible oils (whose annual inflation rates averaged about 33.0 per cent), meat (average inflation rate of 18.0 per cent) and fish, milk and pulses (average inflation rate of 8.0-9.0 per cent).⁹

4.3 India's Unemployment Rate

India's unemployment rate increased to a one-year high of 8.3 per cent in August 2022 as employment fell by 2.0 million to 394.6 million. The unemployment rate was at 6.8 per cent and the employment was 397.0 million in July 2022. The urban unemployment rate is usually higher at about 8.0 per cent than the rural unemployment rate, which is usually around 7.0 per cent. In August 2022, the urban unemployment rate increased to 9.6 per cent and rural unemployment rate also increased to 7.7 per cent.

The unemployment rate in rural India rose from 6.1 per cent in July 2022 to 7.7 per cent in August 2022. More importantly, the employment rate fell from 37.6 per cent to 37.3 per cent. The unemployment rate during August 2022 was the highest in Haryana at 37.3 per cent followed by Jammu and Kashmir at 32.8 per cent, Rajasthan at 31.4 per cent, Jharkhand at 17.3 per cent and Tripura at 16.3 per cent. While the unemployment was the lowest in Chhattisgarh at 0.4 per cent followed by Meghalaya at 2 per cent, Maharashtra at 2.2 per cent and Gujarat and Odisha at 2.6 per cent each.¹⁰

4.4 India's Export/Import

India's merchandise export in April -August 2022-23 was USD 192.6 billion with an increase of 17.1 per cent over USD 164.44 billion in April -August 2021-22. The export of non-petroleum and non-gems and jewellery in April-August 2022-23 was USD 135.5 billion, an increase of 8.4 per cent over cumulative value of non-petroleum and non-gems and jewellery exports of USD 125.0 billion in April -July 2021-22. India's merchandise import in August 2022 was USD 61.7 billion, an increase of 36.8 per cent over USD 45.1 billion in August 2021. India's merchandise imports in April-August 2022-23 was USD 317.8 billion with an increase of 45.6 per cent over USD 218.2 billion in April-August 2021-22. Value of non-petroleum imports was USD 44.1 billion in August 2022 with a positive growth of 23.6 per cent over non-petroleum imports of USD 35.7 billion in August 2021.¹¹

⁹ Source: Report, September 2022, "Food Inflation: How Prepared Are We to Deal With a Hot March Again in 2023?", <https://thewire.in/economy/food-inflation-hot-march-2023-security>

¹⁰ Source: Report, September 2022, "India's unemployment rate surges to 1-year high of 8.3% in August: CMIE", <https://www.livemint.com/news/india/indias-unemployment-rate-surges-to-1-year-high-of-8-3-in-august-cmie-11662047929110.html>

¹¹ Source: Report, September 2022, "INDIA'S MERCHANDISE TRADE: Preliminary Data of August 2022", <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1856546#:~:text=Amongst%20the%20major%20products%2C%20exports,45.09%20billion%20in%20August%202021.>

V. VALUATION APPROACH AND METHODOLOGY

5.1 Valuation Approaches

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These approaches can be broadly categorized as follows:

1. Asset Approach
2. Income Approach
3. Market Approach

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5.1.1 Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company, both tangible and intangible. The value of intangibles is referred to as the company's goodwill, the difference in value between the company's hard assets and its true value.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern. Pursuant to accounting convention, most assets are reported on the books of the subject company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair market value wherever possible. Further, the balance sheet values are to be adjusted for any contingent liabilities that are likely to materialize.

Intrinsic value is at the core of fundamental analysis since it is used in an attempt to calculate the value of the total assets of the business and then compare it with the fair value.

5.1.2 Income Approach

The income approaches determine fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches, including Capitalization of Earnings or cash flows, Discounted Future Cash Flows ("DCF"), and the Excess Earnings Method (which is a hybrid of asset and income approach of benefit stream to which it is applied). The result of a value calculation under the income approach is generally the fair market value of a controlling, marketable interest in the subject company, since the entire benefit stream of the subject company is most often valued, and the capitalization and discount rates are derived from statistics concerning public companies.

5.1.3 Market Approach

The value of a business is determined by comparing the company's accounting ratios with another company of the same nature and size. This approach is used, where the value of a stock is estimated based upon its current price relative to variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales of various business of the same nature. Business appraisal includes comparative transaction method and publicly traded company method. Through this, it derives a relationship between performance, revenues and selling price.

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5.2 Valuation Assumptions and Methodology Used

Considering the nature and size of business and keeping in view the necessary regulatory guidelines, in the current analysis, the NAV Approach and discounted cash flow method has been used to determine the fair value of equity shares of RFCL.

5.2.1 Valuation Assumptions

Based on our discussion with Management, we have considered following assumptions to calculate equity value of the Company:

Timelines

The life of the project is 25 years with Commercial Operations Date is 1st April 2021 and the Operation End Date is 31st March 2046. For the purpose of equity valuation, valuation date has been considered as 30th September, 2022.

Installed Capacity & Capacity Utilization

The Annual Capacity of the Plant has been assumed as 0.726 MMTPA of Ammonia and 1.27 MMTPA of Urea based on the following:

Particulars	Ammonia	Urea
Installed Capacity (Per Day)	2,200 MT	3,850 MT
No of days of Operations in a year	330 days	330 days
Annual Installed Capacity	726,000 MT	1,270,500 MT

The Capacity utilization is 30.66% in the first year i.e. 2021-22, 95.3 % in the second year i.e. 2022-23 and 100 % from third year onwards based on the demand supply gap in the target market for urea. The capacity utilization schedule is provided hereunder:

Year	1 st Year (2021-22)	2 nd Year (2022-23)	3 rd Year onwards
Capacity utilization	30.6%	95.3%	100%

Interest Rate on Debt

The present interest rate applicable on the RTL-I facility of Rs. 3,940.71 Crore is at the rate of 7.43 % p.a and present interest rate applicable on the RTL-II facility of Rs. 507.2 Crore is at the rate of 8.11 % p.a. However, the interest rate on Unsecured loan and Working Capital Borrowings is 7.60% and 7.85%.

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Depreciation Assumptions

Description	SLM Book Depreciation	WDV IT Depreciation
Land & Site Development	0	0.00%
Plant & Machinery	5.60%	15.00%
Non Plant Building	3.30%	10.00%
Maintenance Equipment, Know-how, Construction period expenses, EPCM Services	4.00%	10.00%
Construction Site Facility	4.00%	10.00%
Township, Infra facility	4.00%	10.00%
Intangible Assets	4.00%	
Maximum Depreciation	95% (100% for Usable)	100.00 %

Income Tax Assumptions

The income tax assumptions have been taken as per the table below:

Taxes	Tax Rate
Corporate Tax Rate	22.00%
MAT Rate	NA
Surcharge	10.0%
Education Cess	3.0%
Higher Education Cess	1.0%
Applicable Corporate Tax Rate	25.17%

Revenue Assumptions

As per New Investment Policy 2012 the floor and ceiling price of urea have been considered to vary with the delivered price of natural gas. For the revival of closed FCIL Projects, at gas price of up to USD approx. 25.5 per MMBtu, the floor price of urea is fixed at USD approx. 685.02 per MT. The policy dictates that for gas price beyond USD 6.50 per MMBtu and up to USD 14.00 per MMBtu, every USD 0.10 per MMBtu increase in the gas price will increase floor and ceiling price of urea by USD 2.00 per MT. However, in case of gas price moving beyond USD 14.00 per MMBtu only floor price will move forward by USD 2 per MT of Urea for an increase in gas price by USD 0.10 per MMBtu. Therefore, for the purpose of financial analysis same mechanism has been followed.

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Sale Price of Urea

Particular	Value	Unit
Farm Gate Price- Normal Urea	5360	Rs /MT
Premium for Neem Coated Urea over Normal Urea	5%	over Normal Urea
Farm Gate Price- Neem Coated Urea	5,645.78	Rs /MT
Goods and Service tax (GST)	5.0%	
Urea Price including GST	5,907.87	
Dealer's Margin	354	Rs /MT

Subsidy from Government

As per the policy detailed in the sections above, Government shall reimburse 95% of the IPP price of Urea subject to floating floor and ceiling prices as per the policy. Further, Dealer's Margin and Other Cost would be recovered as a part of the Subsidy from the government.

In addition to the subsidy on the price of Urea, Freight Subsidy has been considered as per the Government policy. The assumptions for the same are given below:

Freight	Value (Rs/ MT)
Total Freight Cost	1000
Under Recovery for Subsidy	30.0
Total Freight Subsidy	970.00

Natural Gas Price Assumptions

Gas Cost: As per discussion with RFCL, currently the Pooled Natural Gas price is at 25.5 USD /MMBtu and the same has been assumed.

Gas Consumption: The assumptions related to consumptions and pricing of natural gas are given below:

Particular	Price	Units
Energy Norm (Feedstock+Fuel)	5.00	GCal/MT
1 MMBtu	252000.00	Kcal
1 MMBtu	29.53	SCM
Gas Price	25.5	USD/MMBtu

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Operating Cost Assumptions

The details of the operating costs considered are discussed below:

Particulars	Price	Unit	Escalation
Power Purchase			5.00%
Water	30.00	Rs./MT	5.00%
Opex for Neem Coating	60.00	Rs/Tonne	5.00%
Catalyst & Chemicals	190.00	Rs/MT of Urea	5.00%
Bags	19.00	Rs./Unit	2.50%
No. of Bags used	22.22	Bags/MT	
Contract Labour & Handling Exp	80.00	Rs. / MT	5.00%
Employee Rate	15.00	Man Rate per annum Rs Lakh	6.00%
Man Power	460	Paycommission revision	30.00%
Employee Cost	69.00	Rs Cr/Annum	
Factory & Admin Overheads	30.00	Rs. Cr/Annum	5.00%
Repair & Maintenance			
1-5 years	0.75%	%age of Plant & Machinery	
6-10 years	1.00%	%age of Plant & Machinery	5.00%
10 years and beyond	1.00%	%age of Plant & Machinery	5.00%
Insurance	0.250%	%age of Project Cost except MN	5.00%
Marketing Cost	590.00	Rs./Tonne	5.00%

Working Capital Assumptions

The working capital requirement for the project on the basis of company's estimates is below:

Description	Value	
Inventory	7	Days
Spare & RM Inventory	1.00%	% of Plant and Machinery
Receivables(Sales of Urea)	45	Days
Receivables(Subsidy dishurment)	120	Days
Receivables(Freight Subsidy)	120	Days
Operating Supplies		
Catalyst & Chemicals	45	Days
Bags	15	Days
Work in Progress	3.5	Days
Cost Estimate of WIP	50%	as % of final product
Creditors for Natural Gas	27	Days
Other Creditors	30	Days
Margin Money on Current Assets	25%	of Current Assets

5.2.2 Net Asset Value Method

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company in its books, both tangible and intangible.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern. Pursuant to accounting convention, most assets are reported on the books of the subject company at their acquisition value, net of depreciation where applicable.

It is worth noting that under this approach value of assets can be taken on different basis i.e. market value, Revalued value, book value or realizable value. But globally current value or net realizable value is recommended by the valuation experts.

Net Assets value represents equity value which is arrived at after reducing all external liabilities and preference shareholders claims, if any, from the aggregate value of all assets, as valued and stated in the Balance Sheet as on valuation date.

Net Assets Value = Total Assets – Total Liabilities

Please refer *Exhibit A* for assumptions and detailed analysis.

5.2.3 Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the following assumptions:

- A business is worth today what it can generate in future cash to its owners;
- Cash received today is worth more than an equal amount of cash received in the future; and
- Future cash flows can be reasonably estimated.

The DCF analysis is comprised of the sum of the present value of two components; projected cash flows and a residual or terminal value.

Cash flows are estimated for a future period based on projections provided by Management. These cash flows are then discounted back to their present value equivalents at a calculated discount rate or Weighted Average Cost of Capital ("WACC") and summed. A residual value based on an exit or steady state terminal multiple, which represents the future cash flows of the Company beyond the discrete projection period, is then discounted to its present value and added to the initial amount. In applying the DCF analysis it is essential that the cash flows to be discounted are clearly defined and that a discount rate appropriate for the degree of risk inherent in that return stream is established.

Free Cash Flows

The projected cash flows of the Company has been provided for future years from Valuation Date, by the management, which has considered for the analysis. These include projected income statement, projected balance sheet. Valuer has relied on the projections provided by the management, and has not carried out any separate analysis for accuracy of same. Accordingly, the projected free cash flows to firm ("FCFF") have been arrived for the purpose of valuation. Refer ***Exhibits C, D & E***.

Terminal Value

Upon completion of plant useful life, the terminal value has been considered as residual value available upon at salvage value of fixed assets, accompanied with release of working capital from the operations.

Refer ***Exhibit E*** for details.

Discount Factor

The Discount Factor considered for arriving at the present value of the residual income cash-flows of the Company is the Weighted Average Cost of Capital (WACC). The cost of equity is computed using the Capital Asset Pricing Model (CAPM) using the formula shown below:

$$K_e = r_f + \beta * ERP + CSRP$$

$$WACC = K_d * (1 - Tax) * D / (D + E) + K_e * E / (D + E)$$

Where,

- K_e = Cost of Equity,
- r_f = Risk Free Return
- β = mature Market Beta, a measure of Market Risk
- ERP = Equity Risk Premium
- CSRP = Company Specific Risk Premium
- K_d = Cost of Debt
- E = Shareholders Equity
- D = Total Debt

The Company is get delayed to start actual production, hence entails project implementation risk. The plant capacity at 1.27 MTPA Urea is relatively smaller as compared to its competitors as well as lacks access to public market, thus attracts size as well as illiquidity premium. Considering aforementioned risk factors, we have applied a combined 7% risk premium for size and company specific risk factors.

Discount rate as of the Valuation Date is calculated in ***Exhibit F***.



5.3 Weightings of Approaches

The valuation exercise carried out above using the generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business
- Industry to which the entity belongs
- Economic life cycle in which the industry or the company is operating
- Extent to which industry and comparable company information is available, and
- Past track record of the business and estimates of future profits

Valuer have considered both discounted cash flow method (Income approach) and Net Asset Value method to arrive at Equity Value of the Company, however, Valuer have relied solely upon discounted cash flow approach as it captures future potential value of business/assets as well as the fact that the Company is advanced stage of business development, earning profits as well as has been able to garner more economic value than the sum of individual assets.

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VI. VALUATION FRAMEWORK & OPINION

6.1 Valuation Framework

This study is undertaken to compute fair value of equity shares of Ramagundam Fertilizers and Chemicals Limited as on Valuation Date as specified for issuance of shares to the State Government of Telangana (herein referred as “SGOT”) by the way of private placement.

The broad framework used in arriving at value of shares is as follows:

1. **Determine equity value using discounted cash flow analysis** by determining the enterprise value using the cash flows provided by the management of the Company. Adjustments for Cash and Debt has been made to compute the operating equity value allocable to the shareholders. Please refer *Exhibit E* for detailed analysis
2. **Determine equity value using net asset approach** using book value of various assets and liabilities of RFCL as appeared in financials as of Valuation Date as provided by the management. To determine the total equity value available for shareholders, book value of other outstanding liabilities has been deducted from the book value of assets. Please refer *Exhibit B* for detailed analysis.
3. **Determine the concluded equity value** by given 100% weightage to Income approach- Discounted Cash Flow Management as it captures future potential value of business/assets as well as the fact that the Company is advanced stage of business development, earning profits as well as has been able to garner more economic value than the sum of individual assets.. Please refer *Exhibit A* for valuation summary
4. **Determine per share value of shares** by dividing the total equity value available to equity shareholders as determined in point 3 above by total number of shares outstanding as on Valuation Date.

6.2 Valuation Opinion

Based on Valuation Analysis of the business of Ramagundam Fertilizers and Chemicals Limited, in my assessment, the Fair Value of each share of the Company as on September 30th, 2022 is INR 9.83.

Please refer *Exhibit A* for details.



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VII. APPRAISER BIOS AND CREDENTIALS

Manuj Singhal, Registered Valuer – Securities or Financial Assets

B.Tech, PGDM, CFA, FRM

Manuj Singhal is an engineer as well MBA graduate from Lal Bahadur Shastri Institute of Management, Delhi and has been trained with one of the leading finance and accounting business process outsourcing company. His core area of specialization is business valuation for Merger & Acquisition, PPA allocation, Regulatory compliance, ESOP valuation, tangible assets valuation, valuation of complex securities including warrants, preferred instruments and derivatives. Presently, he is dealing with valuation requirements under regulatory, compliance, financial reporting, investments and M&A purposes, primarily for Indian corporates.

During his stint at EXL Services, he lead the valuation team for large US based analytics firm dealing with numerous valuations under Internal Revenue Code (IRC) and US GAAP including 409A Common Stock valuation, 142 Goodwill, 141 Purchase Price Allocation, 133 Derivative etc.

He is also a registered valuer in Asser Class “Securities or Financial Assets” with registration number IBBI/RV/05/2018/10425 and has conducted a large number of valuation under Insolvency and Bankruptcy code, Companies act, Income tax and other regulations.

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VIII. CONDITIONS AND LIMITATIONS

8.1 Valuation Framework

The report is prepared solely for the purpose stated in the Engagement Letter and should not be used for any other purpose. Except as specifically stated in the report, the report and its contents may not be quoted or referred to, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without the prior written approval of Registered Valuer. Except as set forth in this report, the report is prepared for Client use only and may not be reproduced or distributed to any third parties without Registered Valuer's prior written consent.

8.2 Scope of Analysis

The appraisal of any financial instrument or business is a matter of informed judgment. The accompanying appraisal has been prepared on the basis of information and assumptions set forth in the attached report, its appendices, underlying work papers, and these limiting conditions and assumptions.

8.3 Nature of Opinion

Neither the opinion nor the report provided or prepared by Registered Valuer are to be construed as a fairness opinion as to the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation, but, instead, are the expression of Registered Valuer's determination of the fair value of assets between a hypothetical willing buyer and a hypothetical willing seller in an assumed transaction on an assumed valuation date. For various reasons, the price at which the assets might be sold in a specific transaction between specific parties on a specific date might be significantly different from the fair market value as expressed in the report.

8.4 Basis of analysis and Assumptions considered

Registered Valuer's analysis:

- a) is based on the present financial condition and significant future business plans of the Client and its assets as of the valuation date;
- b) assumes that as of the valuation date the Client and its assets will continue to operate as configured as a going concern;
- c) assumes 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; and
- d) assumes that the Company had no undisclosed real or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business,



nor had any litigation pending or threatened that would have a material effect on the analysis other than those considered for valuation calculation.

- e) is based on various representations given by the management in relation to the fair value of certain assets & liabilities and future business plans.

8.5 Lack of Verification of Information Provided

With the exception of any audited financial statements, Valuer has relied on information supplied by the Client without audit or verification. Valuer have assumed that all information furnished is complete, accurate and reflects Client's management's good faith efforts to describe the status and prospects of the Client at the valuation date from an operating and a financial point of view. As part of this engagement, Valuer has relied upon publicly available data from recognized sources of financial, industry, or statistical information, which have not been verified. Moreover, Valuer have very limited information available in respect of fair value the non-marketable investments, hence relied on the book value of the assets. Book Value of assets may or may not be an indicator of fair value.

8.6 Subsequent Events

The terms of engagement are such that Valuer have no obligation to update this report or to revise the valuation because of events and transactions occurring subsequent to the date of the valuation unless Valuer are engaged to provide valuations in the future.

8.7 Legal Matters

Valuer assumes no responsibility for legal matters including interpretations of either the law or contracts. Valuer have not made any investigation of legal title and has assumed that all owners' claims to property are valid. Valuer have given no consideration to liens or encumbrances except as specifically stated in financial statements provided by management. Valuer have assumed that all required licenses, permits, etc. are in full force and effect. Valuer assumes that all applicable federal, state, local zoning, environmental and similar laws and regulations have and continue to be complied with by Client. Valuer assumes no responsibility for the acceptability of the valuation approaches used in report as legal evidence in any particular court or jurisdiction. The suitability of report and opinion for any legal forum is a matter for Client and Client's legal advisor to determine.

8.8 Testimony

Registered Valuer and his team, consultants and agents shall not provide any testimony or appear in any legal proceeding unless Valuer coordinates such testimony.



8.9 Other Limitations

- Registered Valuer has independent of the shareholders, directors and management of the company and do not have any financial association with the shareholders, directors and management of the company other than receipt of fees in connection with the professional services provided.
- The report is based on the financial projections provided to us by the management of the Company and thus the responsibility for forecasts and the assumptions on which they are based is solely that of the Management of the Company and Valuer do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgement.
- The valuation worksheets prepared for the exercise are proprietary to Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.
- I acknowledge that I have no present or contemplated financial interest in the Company. My fees for this valuation are based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- The figures presented in the body of report may have been calculated using electronic spreadsheets which calculate figures up to a precision of several decimal points. While rounded figures are carried to the body of the report at each stage, the higher precision unrounded numbers continue to be used in the computations. Any minor difference in figures observed on manual calculation of figures within the body of the report could be attributable to such rounding off.
- I 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.
- I 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. I have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.



- The report and conclusion of value are not intended by the valuer and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion, based on information furnished to them by the client and other sources. Valuer does not express any opinion on the suitability or otherwise of entering into any transaction with the Company.
- Registered Valuer has made no investigation of title to property, and assume that the owner's claim to the property is valid. Valuer has 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.

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Valuation Exhibits of Ramagundam Fertilizers and Chemicals Limited

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Ramagundam Fertilizers & Chemicals Limited

Exhibit A

Valuation Summary

Valuation As of 30th September, 2022

		Amount in Rs. Cr.	
S.No.	Particulars		Amount
A	Equity Value		
	Asset Approach - <i>Net Asset Value (b)</i>	0%	976.34
	Income Approach - <i>Discounted Cash Flow Method (c)</i>	100%	1,805.09
B	Concluded Equity value	B	1,805.1
C	Number of Common Equity Shares (d) (In crore)	C	183.6
D	Value per Common Equity Share (In Rs.)	D=B/C	Rs. 9.83

Notes:

(a) Valuer have considered both discounted cash flow method (Income approach) and Net Asset Value method to arrive at Enterprise Value of the Company, however, Valuer have relied solely upon discounted cash flow approach as it captures future potential value of business/assets as well as the fact that the Company is advanced stage of business development, earning profits as well as has been able to garner more economic value than the sum of

(b) Please refer **Exhibit B** for detailed analysis.

(c) Please refer **Exhibit E** for detailed analysis.

(d) Please refer **Exhibit G** for detailed analysis.

✓

Ramagundam Fertilizers and Chemicals Limited

Exhibit B

Valuation Summary

Valuation As of 30th September, 2022

		Amount in Rs. Cr.	
S.No.	Particulars		Amount
	Net Asset Value Approach		
	Fair Value of Net Assets (for details, please refer Exhibit C)		
A	Book Value of all the applicable Assets		
	Net Fixed Assets (Including Intangible Asset under Development)		5,100.3
	Capital Work In Progress		27.3
	Right Of Use Of Assets		196.1
	Cash and Cash Equivalents		98.7
	Net Working Capital		319.7
	Deferred Tax Assets		287.5
	Total Fair Value of Assets	A	6,029.5
B	Liabilities		
	Other Outstanding Liabilities		5,031.1
	Deferred Government Grant		22.1
	Total Fair Value of Liabilities	B	5,053.2
C	Fair Value of Net Assets	C = A-B	976.3

Ramagundam Fertilizers & Chemicals Limited

Profitability Statement

Valuation As of 30th September, 2022

Exhibit C

Amount in Rs. Cr.

Particulars	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
	Audited Apr - Mar	Audited Apr - Mar	Audited Apr - Mar	Provisional Apr - Sep	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar	Projected Apr - Mar
Revenue																
Realization from Farm gate price					665.9	704.9	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6
Freight Reimbursement					116.3	123.1	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2
Subsidy from Govt.					5,576.4	5,968.7	6,040.8	6,107.5	6,175.0	6,243.1	6,312.0	6,381.5	6,451.6	6,522.5	6,594.2	6,666.5
Gross Revenues	-	-	1,527.6	2,896.9	6,358.5	6,796.7	6,869.6	6,936.4	7,003.9	7,072.0	7,140.8	7,210.3	7,280.5	7,351.4	7,423.0	7,495.3
Less: GST	-	-	-	-	31.4	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3
Net Revenues	-	-	1,527.6	2,896.9	6,327.1	6,763.4	6,836.3	6,903.1	6,970.6	7,038.7	7,107.5	7,177.0	7,247.2	7,318.1	7,389.7	7,462.0
Operating Expenses																
NG Consumed			996.0	1,612.9	4,839.2	4,884.4	4,933.2	4,982.6	5,032.4	5,082.7	5,133.5	5,184.9	5,236.7	5,289.1	5,342.0	5,395.4
Duty on Power	0.0	6.3	762.5	752.8	56.7	59.5	62.5	65.6	68.9	72.4	76.0	79.8	83.8	88.0	92.4	97.0
Water Consumed			1.2		3.8	4.2	4.4	4.6	4.9	5.1	5.4	5.6	5.9	6.2	6.5	6.8
Neem Costing					7.6	8.4	8.8	9.3	9.7	10.2	10.7	11.3	11.8	12.4	13.0	13.7
Chemicals & Catalyst					24.2	26.6	27.9	29.3	30.8	32.3	34.0	35.7	37.4	39.3	41.3	43.4
Cost of Bags					52.4	56.4	57.8	59.2	60.7	62.2	63.8	65.4	67.0	68.7	70.4	72.1
Contract Labor & Handling Expense					10.2	11.2	11.8	12.4	13.0	13.6	14.3	15.0	15.8	16.6	17.4	18.3
Employee Expense	0.6	1.4	30.8	16.0	73.1	77.5	82.2	87.1	92.3	115.4	122.3	129.7	137.5	145.7	154.5	163.7
Overheads					31.5	33.1	34.7	36.5	38.3	40.2	42.2	44.3	46.5	48.9	51.3	53.9
Repair & Maintenance	0.3	0.0	8.7	5.9	39.1	41.1	43.2	45.3	47.4	49.6	51.8	54.1	56.4	58.8	61.2	63.6
Insurance	25.4	29.7	21.6		15.4	16.1	16.9	17.8	18.7	19.6	20.6	21.6	22.7	23.8	25.0	26.3
Corporate Social Responsibility (CSR)					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight cost			41.4	61.5	125.9	139.9	147.1	154.4	162.2	170.3	178.8	187.7	197.1	207.0	217.3	228.2
Marketing cost	6.8	9.2	20.7		74.3	82.6	86.8	91.1	95.7	100.5	105.5	110.7	116.3	122.1	128.2	134.6
Closing Balance					-50.9	-1.7	-1.7	-1.8	-2.2	-2.3	-1.9	-2.0	-2.0	-2.1	-2.1	-2.1
Other Expenses	7.4	8.6	57.7	59.9												
Total Operating expense	40.6	55.1	1,940.6	2,508.9	5,302.1	5,439.3	5,515.6	5,604.1	5,701.7	5,802.1	5,888.4	5,976.6	6,067.3	6,160.1	6,256.3	6,354.8
EBITDA	-40.6	-55.1	-413.0	-388.0	-1,024.7	-1,324.1	-1,320.7	-1,299.0	-1,268.8	-1,236.6	-1,219.1	-1,200.4	-1,179.9	-1,157.6	-1,133.4	-1,107.2
<i>As % of Net Revenues</i>	0.0%	0.0%	-27.0%	-13.4%	-16.2%	-19.6%	-19.3%	-18.8%	-18.2%	-17.6%	-17.2%	-16.7%	-16.3%	-15.8%	-15.3%	-14.8%
Book Depreciation and Amortisation	0.0	7.0	287.7	144.9	289.05	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1
EBIT	(40.6)	(62.1)	-700.6	-243.1	-735.6	-1,035.1	-1,031.7	-1,010.0	-979.8	-947.5	-930.0	-911.3	-890.9	-868.5	-844.3	-818.2
<i>As % of Net Revenues</i>	0.0%	0.0%	-45.9%	-8.4%	-11.6%	-15.3%	-15.1%	-14.6%	-14.1%	-13.5%	-13.1%	-12.7%	-12.3%	-11.9%	-11.4%	-11.0%
Interest on Long Term Loans	6.3	7.9	363.5	226.9	314.7	289.4	260.9	231.7	201.3	169.5	136.3	102.2	67.6	31.9	2.3	0.0
Interest on Short Term Loans	0.0	0.0	0.0	0.0	109.2	124.4	122.2	109.7	110.8	111.9	113.0	114.1	115.2	116.3	117.4	118.5
Other Income	8.7	10.4	26.2	1.6												
PBT	(38.2)	(59.6)	(1,037.9)	-17.8	-311.7	-621.3	-657.9	-608.5	-667.7	-666.1	-680.7	-695.0	-708.1	-720.3	-724.6	-699.7
<i>As % of Net Revenues</i>	-2.4%	-4.1%	-67.9%	-0.6%	-4.9%	-9.2%	-9.6%	-8.8%	-9.6%	-9.5%	-9.6%	-9.7%	-9.8%	-9.8%	-9.8%	-9.4%
Current Tax																
Corporate Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.4	138.8	152.9	169.1	183.3	195.7	206.6	214.4	213.8
Deferred Tax Liability	-	(12.6)	(278.2)	3.2	78.4	156.4	165.6	141.8	29.3	14.7	2.3	(8.4)	(17.5)	(25.3)	(32.0)	(37.7)
<i>Effective tax Rate</i>	0.0%	21.1%	26.8%	18.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%
PAT	(38.2)	(47.0)	(759.8)	14.6	233.2	464.9	492.3	500.3	499.7	498.4	509.4	520.1	529.9	539.0	542.3	523.6

Ramagundam Fertilizers & Chemics

Profitability Statement

Valuation As of 30th September, 2022

Exhibit C

Particulars	Amount in Rs. Cr.											
	FY 2015 Projected Apr - Mar	FY 2016 Projected Apr - Mar	FY 2017 Projected Apr - Mar	FY 2018 Projected Apr - Mar	FY 2019 Projected Apr - Mar	FY 2020 Projected Apr - Mar	FY 2021 Projected Apr - Mar	FY 2022 Projected Apr - Mar	FY 2023 Projected Apr - Mar	FY 2024 Projected Apr - Mar	FY 2025 Projected Apr - Mar	FY 2026 Projected Apr - Mar
Revenue												
Realization from Farm gate price	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6	705.6
Freight Reimbursement	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2
Subsidy from Govt.	6,739.5	6,813.3	6,887.8	6,963.1	7,039.1	7,115.9	7,193.4	7,271.7	7,350.8	7,430.7	7,511.4	7,592.9
Gross Revenues	7,568.4	7,642.2	7,716.7	7,791.9	7,868.0	7,944.7	8,022.3	8,100.6	8,179.7	8,259.6	8,340.3	8,421.8
Less: GST	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3
Net Revenues	7,535.1	7,608.9	7,683.4	7,758.6	7,834.7	7,911.4	7,989.0	8,067.3	8,146.4	8,226.3	8,307.0	8,388.5
Operating Expenses												
NG Consumed	5,449.4	5,503.9	5,558.9	5,614.5	5,670.6	5,727.3	5,784.6	5,842.5	5,900.9	5,959.9	6,019.5	6,079.7
Duty on Power	101.8	106.9	112.3	117.9	123.8	130.0	136.5	143.3	150.4	158.0	165.9	174.2
Water Consumed	7.2	7.5	7.9	8.3	8.7	9.2	9.6	10.1	10.6	11.1	11.7	12.3
Neem Costing	14.4	15.1	15.8	16.6	17.5	18.3	19.3	20.2	21.2	22.3	23.4	24.6
Chemicals & Catalyst	45.5	47.8	50.2	52.7	55.3	58.1	61.0	64.0	67.3	70.6	74.1	77.9
Cost of Bags	73.9	75.8	77.7	79.6	81.6	83.7	85.7	87.9	90.1	92.3	94.7	97.0
Contract Labor & Handling Expense	19.2	20.1	21.1	22.2	23.3	24.5	25.7	27.0	28.3	29.7	31.2	32.8
Employee Expense	173.6	184.0	195.0	206.7	219.1	232.3	246.2	261.0	276.6	293.2	310.8	329.5
Overheads	56.6	59.4	62.4	65.5	68.8	72.2	75.8	79.6	83.6	87.8	92.1	96.8
Repair & Maintenance	93.7	98.4	103.3	108.5	113.9	119.6	125.6	131.9	138.5	145.4	152.7	160.3
Insurance	27.6	29.0	30.4	31.9	33.5	35.2	37.0	38.8	40.8	42.8	45.0	47.2
Corporate Social Responsibility (CSR)	14.3	14.0	13.4	12.8	12.1	11.8	12.8	13.7	14.2	13.3	12.2	11.2
Freight cost	239.6	251.6	264.1	277.3	291.2	305.8	321.0	337.1	354.0	371.7	390.2	409.7
Marketing cost	141.3	148.4	155.8	163.6	171.8	180.4	189.4	198.9	208.8	219.3	230.2	241.8
Closing Balance	-2.2	-2.3	-2.3	-2.4	-0.8	2.9	-2.6	-2.6	-2.7	-2.8	-2.9	-2.9
Other Expenses												
Total Operating expense	6,455.9	6,559.6	6,666.1	6,775.8	6,890.5	7,011.2	7,127.7	7,253.4	7,382.6	7,514.6	7,650.9	7,791.8
EBITDA	1,079.2	1,049.3	1,017.3	982.8	944.1	900.2	861.3	813.9	763.8	711.7	656.0	596.6
<i>As % of Net Revenues</i>	<i>14.3%</i>	<i>13.8%</i>	<i>13.2%</i>	<i>12.7%</i>	<i>12.1%</i>	<i>11.4%</i>	<i>10.8%</i>	<i>10.1%</i>	<i>9.4%</i>	<i>8.7%</i>	<i>7.9%</i>	<i>7.1%</i>
Book Depreciation and Amortisation	289.1	289.1	289.1	289.1	226.8	22.1	22.1	22.1	22.0	21.9	21.9	21.8
EBIT	790.2	760.2	728.2	693.7	717.3	878.1	839.2	791.9	741.8	689.7	634.1	574.8
<i>As % of Net Revenues</i>	<i>10.5%</i>	<i>10.0%</i>	<i>9.5%</i>	<i>8.9%</i>	<i>9.2%</i>	<i>11.1%</i>	<i>10.5%</i>	<i>9.8%</i>	<i>9.1%</i>	<i>8.4%</i>	<i>7.6%</i>	<i>6.9%</i>
Interest on Long Term Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on Short Term Loans	119.7	120.8	122.0	123.1	124.2	125.2	126.3	127.5	128.7	129.9	131.1	132.3
Other Income												
PBT	670.5	639.4	606.2	570.6	593.1	752.9	713.0	664.4	613.1	559.9	503.0	442.5
<i>As % of Net Revenues</i>	<i>8.9%</i>	<i>8.4%</i>	<i>7.9%</i>	<i>7.4%</i>	<i>7.6%</i>	<i>9.5%</i>	<i>8.9%</i>	<i>8.2%</i>	<i>7.5%</i>	<i>6.8%</i>	<i>6.1%</i>	<i>5.3%</i>
Current Tax												
Corporate Tax	211.4	207.8	203.0	197.1	189.8	180.8	172.7	162.1	150.6	138.5	125.2	110.9
Deferred Tax Liability	(42.6)	(46.8)	(50.4)	(53.5)	(40.5)	8.7	6.8	5.1	3.7	2.4	1.4	0.5
<i>Effective tax Rate</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>	<i>25.2%</i>
PAT	501.8	478.5	453.7	427.0	443.8	563.4	533.5	497.2	458.8	419.0	376.4	331.1

Ramagundam Fertilizers & Chemicals Limited
Balance Sheet Statement
Valuation As of 30th September, 2022

Exhibit D

Particulars	Amount in Rs. Cr.															
	31-03-2020	31-03-2021	31-03-2022	30-09-2022	31-03-2023	31-03-2024	31-03-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2029	31-03-2030	31-03-2031	31-03-2032	31-03-2033	31-03-2034
	Audited	Audited	Audited	Provisional	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Equity and Liabilities																
Shareholders' Funds																
Share Capital	1,299.1	1,676.3	1,836.4	1,836.4	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3
Retained Earnings	17.1	(115.3)	(874.6)	(860.0)	(641.4)	(176.5)	315.8	816.1	1,315.8	1,814.3	2,323.7	2,843.8	3,373.6	3,912.7	4,454.9	4,978.5
Total Shareholder Funds	1,316.3	1,561.0	961.7	976.3	1,248.9	1,713.8	2,206.1	2,706.4	3,206.1	3,704.5	4,213.9	4,734.0	5,263.9	5,802.9	6,345.2	6,868.8
Non Current Liabilities																
Deferred Government Grant	47.5	44.1	22.9	22.1	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5
Lease Liabilities	0.8	0.2	1.3	0.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Long Term Provisions	1.6	3.6	5.1	5.9	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Rupee Term Loan	3,313.7	3,706.9	3,616.7	4,003.2	4,087.8	3,706.5	3,323.0	2,920.1	2,503.3	2,064.2	1,608.5	1,149.9	677.5	188.5	66.2	66.2
Deferred Tax Liabilities	-	-	-	-	-	20.7	186.3	328.1	357.4	372.1	374.4	366.0	348.4	323.1	291.1	253.4
Deferred Payment Liabilities	85.5	85.4	499.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non Current Liabilities	3,449.1	3,840.2	4,145.5	4,031.9	4,138.9	3,778.3	3,560.4	3,299.3	2,911.7	2,487.4	2,033.9	1,567.0	1,077.1	562.6	408.4	370.6
Current Liabilities																
Working Capital Loan	-	-	-	-	1,349.9	1,458.5	1,474.5	1,488.9	1,503.8	1,518.8	1,533.6	1,548.5	1,563.6	1,578.7	1,594.0	1,609.4
Trade Payables	-	-	425.2	1,402.0	420.5	426.5	431.7	437.0	442.4	447.9	453.5	459.3	465.1	471.1	477.2	483.4
Other Financial Liabilities	187.1	326.8	274.4	309.3	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7
Lease Liabilities	46.1	19.1	1.3	1.1	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Other Current Liabilities	4.4	18.0	4.5	2.9	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Short Term Provisions	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Short Term Secured Loans	-	-	488.0	511.6	-	-	-	-	-	-	-	-	-	-	-	-
Current Maturities of Long-term Borrowings	-	155.4	530.8	516.3	388.5	213.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5
Total Liabilities & Shareholder's Equity	5,002.9	5,920.7	6,831.7	7,751.6	7,572.8	7,616.6	7,762.3	8,021.2	8,153.6	8,248.3	8,324.6	8,398.4	8,459.3	8,505.0	8,914.4	9,421.8
Application of funds																
Non-Current Assets																
Fixed assets																
Gross Tangible Assets	150.6	5,378.8	5,551.4	5,558.5	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0
Less: Accumulated Depreciation	16.2	39.4	322.2	465.2	608.5	895.1	1,181.7	1,468.3	1,754.9	2,041.5	2,328.1	2,614.7	2,901.3	3,187.9	3,474.5	3,761.1
Net Tangible Assets	134.4	5,339.4	5,229.3	5,093.3	5,029.5	4,742.9	4,456.3	4,169.7	3,883.1	3,596.5	3,309.9	3,023.3	2,736.6	2,450.0	2,163.4	1,876.8
Gross Intangible Assets	0.3	0.4	0.4	0.4	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Less: Accumulated Amortisation	0.2	0.2	0.3	0.3	0.5	0.8	1.0	1.2	1.4	1.6	1.8	2.0	2.3	2.5	2.7	2.9
Net Intangible Assets	0.1	0.2	0.1	0.1	5.1	4.8	4.7	4.5	4.2	4.0	3.8	3.6	3.4	3.2	3.0	2.7
Capital Work In Progress	4,017.8	179.7	2.1	27.3	-	-	-	-	-	-	-	-	-	-	-	-
Right-of-use Assets	181.1	198.1	197.9	196.1	196.3	194.0	191.8	189.5	187.3	185.1	182.8	180.6	178.4	176.1	173.9	171.7
Intangible Assets Under Development	0.0	5.2	6.9	6.9	-	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	6.5	21.6	92.9	96.0	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7
Long Term Loans And Advances	6.3	6.3	6.6	9.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Bank Deposits with more than 12 Months	-	13.3	86.3	86.4	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Deferred Tax Assets	-	12.6	290.7	287.5	135.7	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	440.7	21.6	67.7	46.0	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Total Non-Current Assets	4,780.6	5,778.4	5,887.6	5,753.1	5,403.5	4,978.7	4,689.7	4,400.6	4,111.6	3,822.5	3,533.5	3,244.4	2,955.4	2,666.3	2,377.3	2,088.2
Current Assets																
Inventories	-	39.7	172.2	156.6	199.7	201.9	203.9	205.9	208.4	211.0	213.2	215.5	217.8	220.2	222.6	225.1
Trade Receivables	-	0.9	716.2	1,772.7	2,160.9	2,311.3	2,337.7	2,362.0	2,386.5	2,411.3	2,436.3	2,461.6	2,487.1	2,512.9	2,538.9	2,565.2
Cash and Cash Equivalents	146.7	25.5	8.6	12.3	(202.0)	113.9	520.3	1,042.0	1,436.4	1,792.7	2,130.9	2,466.3	2,788.3	3,094.9	3,764.9	4,532.6
Other Financial Assets	66.2	43.8	34.1	34.1	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Loans and Advances	0.3	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Assets	9.1	31.9	12.9	22.8	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Total Current Assets	222.3	142.3	944.1	1,998.5	2,169.3	2,637.9	3,072.6	3,620.6	4,042.0	4,425.7	4,791.1	5,154.0	5,563.9	5,838.7	6,537.1	7,333.6
Total Assets	5,002.9	5,920.7	6,831.7	7,751.6	7,572.8	7,616.6	7,762.3	8,021.2	8,153.6	8,248.3	8,324.6	8,398.4	8,459.3	8,505.0	8,914.4	9,421.8

Ramagundam Fertilizers & Chemicals
Balance Sheet Statement
Valuation As of 30th September, 2022

Exhibit D

Particulars	Amount in Rs. Cr.											
	31-03-2015 Projected	31-03-2016 Projected	31-03-2017 Projected	31-03-2018 Projected	31-03-2019 Projected	31-03-2020 Projected	31-03-2021 Projected	31-03-2022 Projected	31-03-2023 Projected	31-03-2024 Projected	31-03-2025 Projected	31-03-2026 Projected
Equity and Liabilities												
Shareholders' Funds												
Share Capital	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3	1,890.3
Retained Earnings	5,480.3	5,958.8	6,412.5	6,839.5	7,283.3	7,846.7	8,380.2	8,877.4	9,336.2	9,755.2	10,131.6	10,462.7
Total Shareholder Funds	7,370.5	7,849.0	8,302.7	8,729.7	9,173.5	9,736.9	10,270.5	10,767.7	11,226.5	11,645.4	12,021.8	12,353.0
Non Current Liabilities												
Deferred Government Grant	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5	44.5
Lease Liabilities	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Long Term Provisions	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Rupce Term Loan	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2	66.2
Deferred Tax Liabilities	210.8	163.9	113.5	60.0	19.4	28.2	35.0	40.1	43.7	46.2	47.5	48.0
Deferred Payment Liabilities												
Total Non Current Liabilities	328.0	281.2	230.8	177.2	136.7	145.4	152.2	157.3	161.0	163.4	164.8	165.3
Current Liabilities												
Working Capital Loan	1,624.9	1,640.5	1,656.3	1,672.1	1,686.8	1,698.9	1,715.0	1,731.3	1,747.8	1,764.3	1,780.9	1,797.6
Trade Payables	489.7	496.2	502.8	509.6	516.5	523.6	530.8	538.3	545.9	553.6	561.6	569.8
Other Financial Liabilities	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7
Lease Liabilities	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Other Current Liabilities	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Short Term Provisions	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Short Term Secured Loans												
Current Maturities of Long-term Borrowings	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5
Total Current Liabilities	2,204.3	2,226.4	2,248.7	2,271.4	2,293.0	2,312.1	2,335.6	2,359.3	2,383.3	2,407.6	2,432.2	2,457.1
Total Liabilities & Shareholder's Equity	9,902.8	10,356.6	10,782.2	11,178.3	11,603.2	12,194.5	12,758.2	13,284.2	13,770.7	14,216.4	14,618.8	14,975.3
Application of funds												
Non-Current Assets												
Fixed assets												
Gross Tangible Assets	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0	5,638.0
Less: Accumulated Depreciation	4,047.7	4,334.3	4,620.9	4,907.5	5,131.9	5,151.5	5,171.1	5,190.8	5,210.4	5,230.0	5,249.6	5,269.2
Net Tangible Assets	1,590.2	1,303.6	1,017.0	730.4	506.1	486.4	466.8	447.2	427.6	408.0	388.4	368.8
Gross Intangible Assets	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Less: Accumulated Amortisation	3.1	3.3	3.5	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.3	5.4
Net Intangible Assets	2.5	2.3	2.1	1.9	1.7	1.5	1.2	1.0	0.8	0.6	0.4	0.3
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-	-	-
Right-of-use Assets	169.4	167.2	164.9	162.7	160.5	158.2	156.0	153.8	151.6	149.5	147.4	145.3
Intangible Assets Under Development												
Other Financial Assets	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7
Long Term Loans And Advances	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Bank Deposits with more than 12 Months	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Deferred Tax Assets												
Other Non-Current Assets	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Total Non-Current Assets	1,799.1	1,510.1	1,221.0	932.0	705.2	683.1	661.0	639.0	616.9	595.0	573.1	551.3
Current Assets												
Inventories	227.7	230.3	233.1	235.9	237.1	234.6	237.7	240.8	244.1	247.4	250.9	254.4
Trade Receivables	2,591.8	2,618.6	2,645.7	2,673.1	2,700.7	2,728.6	2,756.8	2,785.3	2,814.1	2,843.1	2,872.5	2,902.1
Cash and Cash Equivalents	5,273.5	5,986.8	6,671.7	7,326.7	7,949.5	8,537.4	9,092.0	9,608.4	10,084.9	10,520.1	10,911.6	11,256.8
Other Financial Assets												
Short Term Loans and Advances												
Other Current Assets	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Total Current Assets	8,103.7	8,846.5	9,561.2	10,246.3	10,898.1	11,511.4	12,097.2	12,645.3	13,153.8	13,621.4	14,045.7	14,424.9
Total Assets	9,902.8	10,356.6	10,782.2	11,178.3	11,603.2	12,194.5	12,758.2	13,284.2	13,770.7	14,216.4	14,618.8	14,975.3

Ramagundam Fertilizers & Chemicals Limited

Exhibit E

Free Cash Flow To Equity (FCFE) Calculation

Valuation As of 30th September, 2022

Amount in Rs. Cr.

Particulars		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34
		Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
A	Net Income	311.7	621.3	657.9	642.1	529.0	513.2	511.7	511.7	512.3	513.7	510.3	485.8
B	Add: Depreciation	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1	289.1
C	Add: (Incr)/Dec in Working Capital	(1,619.1)	(146.8)	(23.1)	(21.0)	(21.6)	(21.9)	(21.6)	(21.8)	(22.0)	(22.2)	(22.4)	(22.6)
D	Less: Capital Expenditure	(50.5)	-	-	-	-	-	-	-	-	-	-	-
E	Less: Net Borrowing / (Repayment)	795.0	(447.6)	(517.5)	(388.5)	(402.0)	(424.0)	(440.9)	(443.6)	(457.4)	(473.9)	(107.0)	15.4
F	Free Cash Flows to Equity	(273.8)	315.9	406.4	521.7	394.4	356.3	338.2	335.4	322.0	306.6	669.9	767.7
	Discount rate (a)	21.5%											
	Period (in Years)	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Mid-Year Adjustment (in Years)	0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00
	Discount Factor (Mid-Year)	0.95	0.82	0.68	0.56	0.46	0.38	0.31	0.26	0.21	0.17	0.14	0.12
G	Discounted Cash Flows	(260.82)	259.99	275.31	290.85	181.00	134.57	105.12	85.80	67.81	53.14	95.56	90.13
H	PV of Annual Cash Flows												
	Salvage Value of Fixed Assets												
	Add: Salvage Value of Fixed Assets												
	Release of Working Capital (net of WC Loan)												
	Discount Factor												
I	PV of Salvage Value of Fixed Assets												
J	Equity Value Operating												
K	Add: Cash												
L	Total Equity Value												

Note:

(a) For detailed calculation of discount rate, please refer Exhibit F

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Ramagundam Fertilizers & Chemicals Limited

Exhibit E

Free Cash Flow To Equity (FCFE) Calculation

Valuation As of 30th September, 2022

Amount in Rs. Cr.

Particulars		FY 2034-35	FY 2035-36	FY 2036-37	FY 2037-38	FY 2038-39	FY 2039-40	FY 2040-41	FY 2041-42	FY 2042-43	FY 2043-44	FY 2044-45	FY 2045-46
		Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
A	Net Income	459.1	431.7	403.2	373.5	403.3	572.2	540.3	502.3	462.5	421.4	377.8	331.6
B	Add: Depreciation	289.1	289.1	289.1	289.1	226.8	22.1	22.1	22.1	22.0	21.9	21.9	21.8
C	Add: (Incr)/Dec in Working Capital	(22.8)	(23.0)	(23.2)	(23.4)	(21.9)	(18.4)	(24.0)	(24.2)	(24.4)	(24.6)	(24.8)	(25.0)
D	Less: Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
E	Less: Net Borrowing / (Repayment)	15.5	15.6	15.7	15.9	14.7	12.0	16.2	16.3	16.4	16.5	16.6	16.7
F	Free Cash Flows to Equity	740.9	713.4	684.8	655.0	622.9	587.9	554.6	516.4	476.5	435.2	391.5	345.1
	Discount rate (a)	21.5%											
	Period (in Years)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Mid-Year Adjustment (in Years)	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00	23.00
	Discount Factor (Mid-Year)	0.10	0.08	0.07	0.054	0.044	0.036	0.030	0.025	0.020	0.017	0.014	0.011
G	Discounted Cash Flows	71.59	56.73	44.82	35.29	27.62	21.45	16.66	12.77	9.69	7.29	5.40	3.91
H	PV of Annual Cash Flows	1,691.63											
	Salvage Value of Fixed Assets												
	Add: Salvage Value of Fixed Assets	514											
	Release of Working Capital (net of WC Loan)	788											
	Discount Factor	0.011											
I	PV of Salvage Value of Fixed Assets	14.8											
J	Equity Value Operating	1,706.43											
K	Add: Cash	98.66											
L	Total Equity Value	1,805.09											

Note:

(a) For detailed calculation of discount rate, please refer Exhibit F

Ramagundam Fertilizers & Chemicals Limited

Exhibit F

Computation of Cost of Capital

Valuation As of 30th September, 2022

Computation of Cost of Capital				
Cost of Equity as per CAPM Formula				
Ke	=	RFR +	$\beta \times (\text{EMR} - \text{RFR}) +$	CSRP
where,				
Ke	=	Cost of Equity		
RFR	=	Risk Free Return		
β	=	Beta Coefficient		
EMR	=	Expected Market Return		
CSRP	=	Company Specific Risk Premium		
RFR				
Risk Free Return is taken as rate of return on 10 year Govt Bonds				7.59%
Beta is assumed to be				
(source: Please refer Appendix A.)				1.04
ERP				
(source: Equity Risk Premium for India by Ashwath Damodaran).				6.42%
Company Specific Risk Premium (including size premium)				
The Company is get delayed to start actual production, hence entails project implementation risk. The plant capacity at 1.27 MTPA Urea is relatively smaller as compared to its competitors as well as lacks access to public market, thus attracts size as well as illiquidity premium. Considering aforementioned risk factors, we have applied a combined 7% risk premium for size and company specific risk factors.				7%
Cost of Equity				
Ke	=	RFR +	$\beta \times \text{ERP} +$	CSRP
	=			21.50%

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Ramagundam Fertilizers and Chemicals Limited
Shareholding Pattern

Exhibit G

Amount in INR

SHAREHOLDING PATTERN				
S.No.	Particulars	No. of Shares	Face Value	Amount
	<u>Common Equity Shares</u>			
1	National Fertilizers Limited	49,14,62,400	10	4,91,46,24,000
2	Engineers India Limited	49,14,62,400	10	4,91,46,24,000
3	The Fertilizer Corporation of India Limited	20,79,36,400	10	2,07,93,64,000
4	State Government of Telangana	15,40,47,402	10	1,54,04,74,020
5	GAIL (India) Limited	27,03,04,320	10	2,70,30,43,200
6	HTAS Consortium	22,11,58,078	10	2,21,15,80,780
		1,83,63,71,000		18,36,37,10,000

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Ramagundam Fertilizers & Chemicals Limited

Guideline Public Comparables - Beta Calculation

Valuation As of 30th September, 2022

Appendix A

Amount in INR millions								
COMPANY NAME	Ticker Symbol	Levered Beta (a)	Market Capitalization (MM)	Interest Bearing Debt (MM)	Total Capital	Tax Rate	Unlevered Beta	Equity to Capital
Southern Petrochemical Industries Corporation Limited	BSE:590030	1.36	11057.7	3050.8	14108.4	25.17%	1.13	78%
Madras Fertilizers Limited	NSE:MADRASFERT	1.26	8522.3	17360.3	25882.6	25.17%	0.50	33%
Nagarjuna Fertilizers and Chemicals Limited	BSE:539917	1.09	5113.5	25605.3	30718.7	25.17%	0.23	17%
The Fertilisers And Chemicals Travancore Limited	NSE:FACT	1.28	70433.8	18375.8	88809.6	25.17%	1.07	79%
Rashtriya Chemicals and Fertilizers Limited	BSE:524230	1.40	51831.1	29785.2	81616.3	25.17%	0.98	64%
Zuari Agro Chemicals Limited	BSE:534742	1.19	7362.3	26431.2	33853.9	25.17%	0.32	22%
National Fertilizers Limited	BSE:523630	1.24	23425.1	31723.0	55148.1	25.17%	0.62	42%
Gujarat Narmada Valley Fertilizers & Chemicals Limited	BSE:500670	1.28	99732.2	17.7	99749.9	25.17%	1.28	100%
Chambal Fertilisers and Chemicals Limited	BSE:500085	0.90	133415.4	43368.6	176782.3	25.17%	0.73	75%
Mean		1.22				25.17%	0.76	57%
Median		1.26				25.17%	0.73	64%

Note:

(a) 5 year beta from CapitalIQ

	Unlevered Beta	Target Equity Market Value	Target Interest Bearing Debt	Tax Rate	Relevered Beta
Mean	0.76	57%	43%	25.17%	1.20
Median	0.73	64%	36%	25.17%	1.04

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Ramagundam Fertilizers & Chemicals Limited

Guideline Public Comparable - Business Description

Valuation As of 30th September, 2022

Appendix B

Company Name	Description
Southern Petrochemical Industries Corporation Limited	Southern Petrochemical Industries Corporation Limited manufactures and sells fertilizers in India and internationally. The company operates through Agro Inputs and others segments. It offers chemical fertilizers, such as urea, di-ammonium phosphate, ammonium phosphate sulphate, urea ammonium phosphate, super phosphate, and ammonium chloride; water soluble fertilizers; organic fertilizers; micro nutrients; plant growth regulators; and industrial products, including gypsum, aluminum fluoride, and silica. The company also engages in the tissue culture and seed businesses. In addition, it provides agricultural services, including soil management, training center, journal, agri clinic, and SMS services for farmers. Further, the company operates as a fertilizer marketing company for handling, neem coating, packaging, transporting, distribution, and marketing of imported urea. Southern Petrochemical Industries Corporation Limited was incorporated in 1969 and is headquartered in Chennai, India.
Madras Fertilizers Limited	Madras Fertilizers Limited manufactures and sells fertilizers in India. The company offers ammonia, urea, and complex fertilizers; bio fertilizers; and agro chemicals under the VIJAY brand name. Its chemical fertilizers include VIJAY Urea, a nitrogenous fertilizer for various crops and soil types; VIJAY complexes, which are granulated fertilizers consisting of nitrogen, phosphorous, and potash; and VIJAY 17:17:17 for early growth and vegetative phases of various crops. The company also provides bio-fertilizers, such as Azospirillum for paddy, plantation crops, and other crops; Rhizobium for groundnuts and pulses; and Phospho Bacteria and NP Bio for various crops. In addition, the company markets neem-based pesticides under the VIJAY NEEM brand name. It markets its products through a network of dealers, co-operative marketing federations, agro industries corporations, and other institutions. Madras Fertilizers Limited was incorporated in 1966 and is headquartered in Chennai, India.
Nagarjuna Fertilizers and Chemicals Limited	Nagarjuna Fertilizers and Chemicals Limited manufactures and supplies plant nutrients in India and internationally. The company offers nutrition solutions, such as macro and micro fertilizers, and farm management services; and micro irrigation solutions. It manufactures urea and anhydrous ammonia; and markets diammonium phosphate, muriate of potash, zinc sulphate heptahydrate, zinc sulphate mono-hydrate, chelated zinc, di-sodium octa borate tetra hydrate, and specialty fertilizers. The company also provides micro irrigation products and services, including head control units, water carrier system components, and water distribution system components that ensure slow, regular, and precise delivery of water and agricultural inputs to the crop; and specialist and project management services for the management of chemical process plants. In addition, it offers services to facilitate farm yield and profitability enhancement through agricultural technology transfer and critical information dissemination online and off-line. Further, the company develops and delivers agricultural information, knowledge, and education to agri professionals, dealers, and farmers; and agricultural software and hardware applications. Nagarjuna Fertilizers and Chemicals Limited was founded in 1985 and is based in Hyderabad, India.
The Fertilisers And Chemicals Travancore Limited	The Fertilisers And Chemicals Travancore Limited manufactures and markets fertilizers in India and internationally. The company operates through Fertiliser and Petrochemical segments. It offers various fertilizers, including ammonium sulphate, ammonium phosphate sulphate, NPK mixtures, gypsum, and zincated factamfos and gypsum; caprolactam, nitric acid, and soda ash; bio-fertilizers, such as rhizobium, azospirillum, and phosphobacter; and byproducts comprising CO2 and gypsum. The company also imports and markets urea, potash, and organic manures; and offers various services for farmers. In addition, it provides engineering consultancy and equipment fabrication services. The Fertilisers And Chemicals Travancore Limited was incorporated in 1947 and is headquartered in Kollam, India.

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Ramagundam Fertilizers & Chemicals Limited

Guideline Public Comparable - Business Description

Valuation As of 30th September, 2022

Appendix B

Company Name	Description
Rashtriya Chemicals and Fertilizers Limited	Rashtriya Chemicals and Fertilizers Limited manufactures and sells fertilizers and industrial products primarily in India. It operates through Fertilizers, Industrial Chemicals, and Trading segments. The company offers various fertilizers, including Suphala 15:15:15, a granular natural color fertilizer that is used in the cultivation of cash crops and fruit crops, as well as in improving the yield of plantation crops; Ujjwala neem coated urea, a chemical fertilizer; Biola, a bio-fertilizer that solubilizes the fixed phosphorus in the soil and makes it available to the crops; Sujala water soluble fertilizers that contain nitrogen, phosphorus, and potash for crops grown in green houses, as well as other field crops; and Microla micronutrients. It also provides industrial products, such as methanol, mono methylamine, dimethylamine, trimethylamines, concentrated and strong nitric acid, dilute nitric acid, sulphuric acid, sodium nitrite, anhydrous and refrigerant grade ammonia, ammonium nitrate, ammonium bicarbonate, calcium carbonate, argon, nitrogen, formic acid, methyl formate, dimethyl formamide, dimethylacetamide, and gypsum, as well as Chickton. In addition, the company offers soil testing and farmer training services, as well as publishes RCF Sheel Patrika, a monthly farm magazine. Rashtriya Chemicals and Fertilizers Limited was incorporated in 1978 and is based in Mumbai, India.
Zuari Agro Chemicals Limited	Zuari Agro Chemicals Limited manufactures and sells chemical fertilizers in India. It produces organic manure, micronutrients, seeds, pesticides, and specialty fertilizers; and DAP, ammonia, urea, and NPK A and NPK B fertilizers. The company is also involved in trading complex fertilizers, water soluble fertilizers, pesticides, and seeds. It markets its products under the Jai Kisan brand to farmers through dealers. The company was formerly known as Zuari Holdings Limited and changed its name to Zuari Agro Chemicals Limited in September 2012. Zuari Agro Chemicals Limited was incorporated in 2009 and is based in Guwahati, India.
National Fertilizers Limited	National Fertilizers Limited produces and sells urea, industrial products, and bio-fertilizers in India. It operates through Urea and Other Products segments. The company offers Kisan Urea for various types of crops, as well as for foliar spray; and neem coated urea. It also provides bio-fertilizers, including rhizobium, phosphate solubilizing bacteria, and azetobacter that are used to supplement chemical fertilizers, as well as to maintain soil fertility; and industrial products comprising nitric acid dilute, ammonium nitrate, anhydrous ammonia, and sodium nitrite and nitrate. In addition, the company trades in certified seeds; compost; and agrochemicals/pesticides comprising insecticides, herbicides, and fungicides, as well as potassium chloride, diammonium phosphate, and nitro phosphate. National Fertilizers Limited was incorporated in 1974 and is based in Noida, India.
Gujarat Narmada Valley Fertilizers & Chemicals Limited	Gujarat Narmada Valley Fertilizers & Chemicals Limited manufactures and markets fertilizers and chemicals in India. It offers fertilizers, such as urea, ammonium nitrophosphate, and calcium ammonium nitrate under the NARMADA brand name. The company also engages in handling and importing urea, diammonium phosphate (DAP), and muriate of potash, as well as traded fertilizers comprising single super phosphate from liberty phosphate and others, DAP, and urea. In addition, it provides industrial chemicals, such as methanol, acetic acid, toluene di-isocyanate, aniline, concentrated nitric acid, weak nitric acid, formic acid, ammonium nitrate, ethyl acetate, methyl formate, calcium carbonate, nitrobenzene, and catsol, as well as other products comprising hydrochloric acid, liquid nitrogen, ortho-toluene diamine, meta-toluene diamine, dilute sulphuric acid, dilute nitric acid, and sodium hypochlorite. The company's chemical products are used by a range of manufacturers, processors, and chemical operators. Further, it offers information technology services consisting of digital signature certificates, eSign, time stamping, e-procurement, e-governance, data center, closed-circuit television and surveillance, cloud, software application, authentication, and payment gateway services; and security services, such as managed IT, as well as infrastructure design and building services. The company was formerly known as Gujarat Narmada Valley Fertilizers & Chemicals Limited and was incorporated in 1976 and is based in Gandhinagar, India.
Chambal Fertilisers and Chemicals Limited	Chambal Fertilisers and Chemicals Limited, together with its subsidiaries, primarily manufactures and sells fertilizers in India and internationally. The company operates in two segments, Fertilisers and Other Agri Inputs, and Shipping. It offers urea and single super phosphate; and other agri-inputs, such as di-ammonium phosphate, muriate of potash, NPK fertilizers, insecticides, fungicides, herbicides, seeds, sulphur, micro-nutrients, complex fertilizers, and city compost. The company also transports crude oil/petroleum products through owned and/or hired vessels; and charters vessels. Chambal Fertilisers and Chemicals Limited was incorporated in 1985 and is based in Jaipur, India.

End of Exhibits

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