

ANNAMREDDY SRAVANTHI

B.COM, ACA
Registered Valuer
(Securities or Financial Assets)

**VALUATION REPORT ON VALUE OF SHARES
OF
M/s. TIERRA AGROTECH LIMITED**

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Valuation Summary

Valuation Date	31-12-2022
Subject of valuation	To Determine Value Per Share of M/s. TIERRA AGROTECH LIMITED
Purpose of Valuation	Preferential Allotment of Equity Shares
Valuation Method	Discounted Cash Flow Method under Income Approach and Net Asset Replacement Cost Method under Cost Approach
Valuation Conclusion	Value per Equity Share of M/s Tierra Agrotech Limited is Rs. 21.39
Appendix-A	Statement of Assumptions and Limiting Conditions

Approach	Method	Applicability	Remarks	Value per Share	Weights	Wt. Value
Cost Approach	Net Asset Replacement Cost Method	Applicable		12.38	20%	2.48
Income Approach	Discounted Cash Flow Method	Applicable		23.64	80%	18.91
Market Approach	Market price Method	Not Applicable	The shares are infrequently traded. Hence we have not considered this method	0	0	-
	Value per Share					21.39



Preamble

I, Mrs. Annamreddy Sravanthi, Independent Registered Valuer Registered with IBBI , Vide in Registration Number **IBBI/RV/05/2019/12377** and Practicing Chartered Accountant, have been appointed by M/s. Tierra Agrotech Limited to determine the value of Equity Shares of M/s. Tierra Agrotech Limited for the purpose of Preferential Allotment of Equity Shares pursuant to and in compliance with the guidelines / regulations issued by SEBI (Issue of Capital and Disclosure Requirement) Regulations 2018, and subsequent amendments thereto ('Regulations') and also as per the provisions of the Companies Act 2013.

Brief About M/s. TIERRA AGROTECH LIMITED

M/s TIERRA AGROTECH LIMITED having its Registered Office at 1st Floor, Sravana Complex, Kamalapuri Colony Lane Next to LV Prasad Hospital, Road.No.2, Banjara Hills Hyderabad, TG 500034 IN was incorporated on 13/09/2013. The CIN of Tierra Agrotech Limited is U01119TG2013PLC090004. The Company is engaged in the business of Seed Research, Development, Production, Processing and Commercialization of superior products in major crops like Cotton, Rice, Pearl Millet, Corn, Mustard, Tomato, Pepper and Okra. During 2017-18, Tierra has attracted global attention after their acquisition of **Monsanto's India** cotton seed business and **DuPont – Pioneers Cotton** company '**Xylem**' thereby became one of the top cotton germplasm enriched company in the country

The Company established a state-of-the-art R&D unit in Hyderabad with 10,000 sq. ft. laboratory space with several green houses, more than 50 acres of breeding farms supported with drip irrigation and other essential facilities. Besides breeding and biotechnology R&D centers in Hyderabad, it also established three more R&D units, one in Bangalore and the other two in Pune and Gurgaon. It has about 30 product trialing centers across the country.



RESEARCH & DEVELOPMENT



As on Valuation date, the Authorized Share Capital of the company is Rs. 47,15,00,000 comprising of 4,71,50,000 equity shares of Rs. 10/- each and the Issued, Subscribed and Paid up Equity Share Capital is Rs.25,15,51,650 comprising of 2,51,55,165 Equity Shares of Rs. 10/- each. The Equity Shares of M/s TIERRA AGROTECH LIMITED are listed on Bombay Stock Exchange Limited (BSE).

BSE: TIERRA | 543531 | INE05CY01014

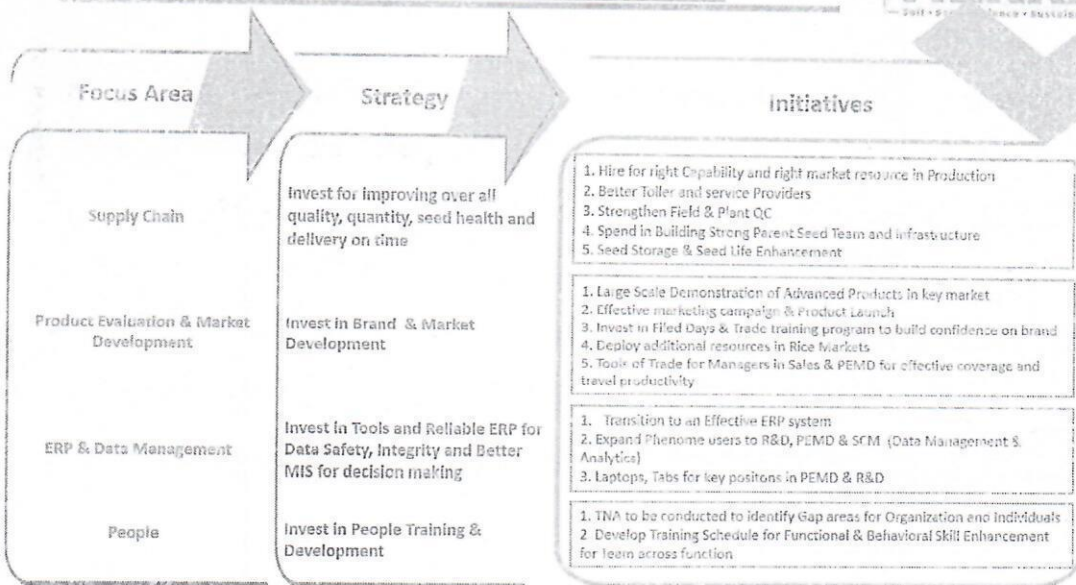


Supply Chain



	Strategy	Initiatives
Field Production	Improve Seed Production Planning	1. Marketing - Production Team Alignment 2. Proper Tracking & Monitoring Protocols
	Maintain BS-Seed Purity	1. Seed Hand off process & Protocol 2. Strict QA Protocol Implementation
	PS-Seed Increase	1. Long Term Marketing Plan Alignment 2. Balance - Contractual & In-house Capability
	HSP - Cost- Quantity - Quality - Time to market	1. Execution of Production Plan 2. QA Protocol Implementation 3. Be in Right Market & On Time 4. Strengthen Quality Grower / Organizer base
Quality Assurance	QA Protocol Preparation & Implementation- Lab, Plant & Field	1. Documented Manuals for Lab, Field & Plant QC 2. Prepare Advance Testing Cycles 3. Inventory Age Analysis
Packaging, Processing & Logistics	Packing Quality & Cost	Vendor / Toller Expectations Setting
	Delivery Time to Market	Advance Packing Schedule (RSP / CSP)
	Cost Efficiency - Logistic	Truck Load Planning & Dispatch Schedules

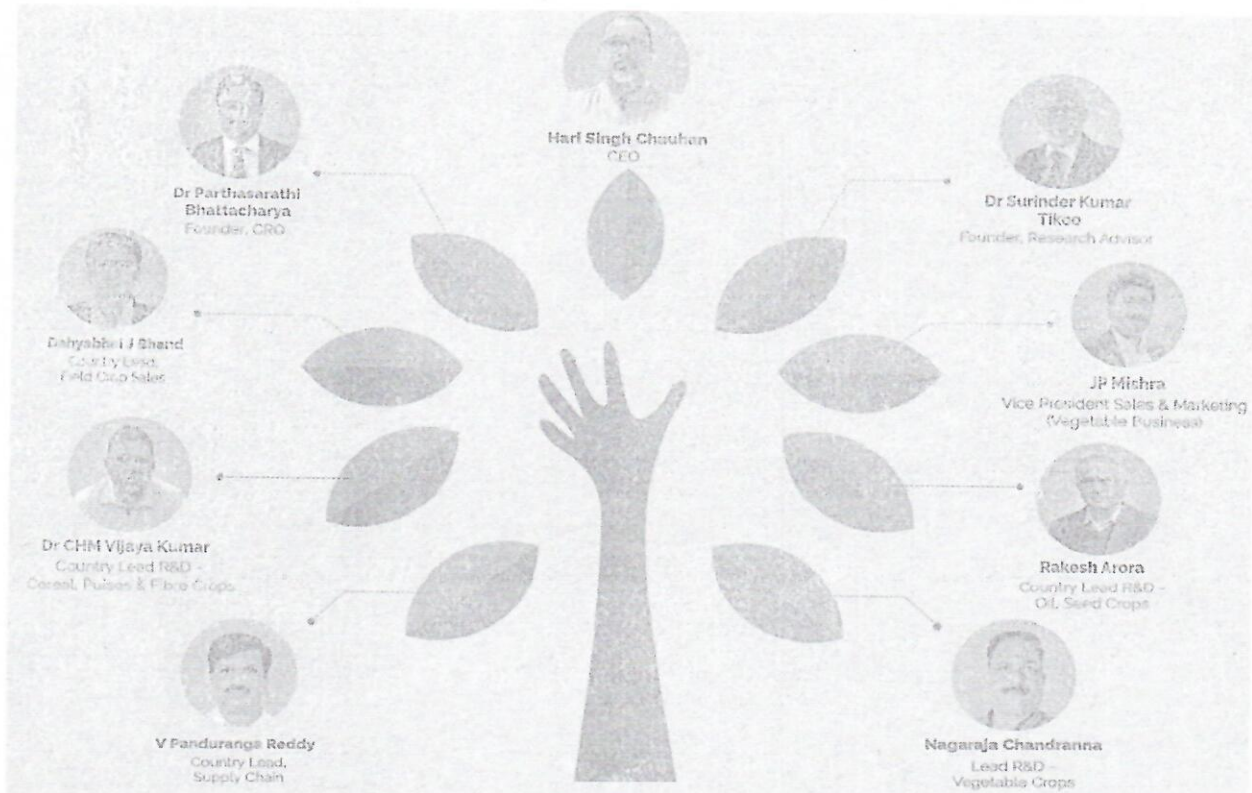
Cost Management - Invest & Resource

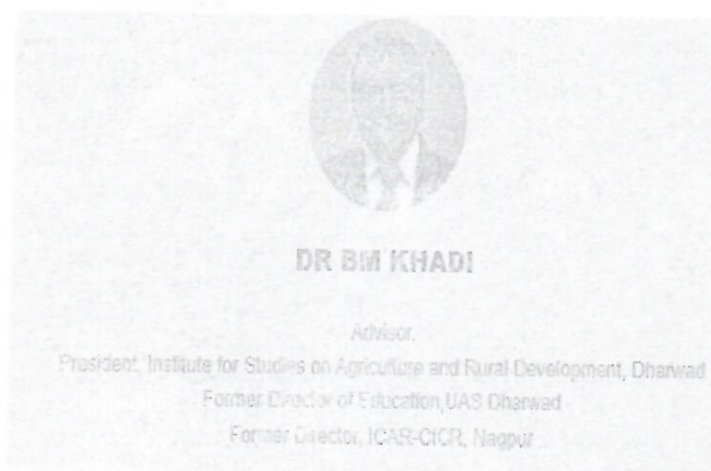
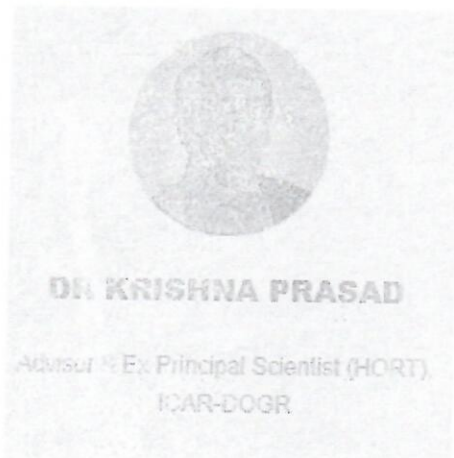


Board of Directors of the Company as on Valuation Date

- SRINIVASA RAO PATURI
- SURYANARAYANA SIMHADRI
- MUNNANGI JAYARAMAPRASAD
- BANDI MOHAN KRISHNA
- VENKATA KRISHNA RAU GOGINENI
- VIJAY KUMAR DEEKONDA
- NEHA SONI

Management Team and Research Advisory Board





Valuation Basis

We have considered to value M/s. Tierra Agrotech Limited on Market value basis. As per International Valuation Standard 104, *“Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, Prudently and without compulsion*

Valuation Methodology

As per the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018 and subsequent amendments thereto (‘Regulations’), the price determined by the issuer shall be taken into account for valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such companies.

The assessment of value necessarily involves selecting the method or approach that is suitable for the purpose and based on the specific circumstances of the case, a particular methodology or a combination of methodologies may be adopted.

We have considered the Valuation Approaches and Methodologies as per the International Valuation standards issued by IVSC in valuing the Equity shares of M/s. Tierra Agrotech Limited.

Valuation Approaches

A valuer can make use of one or more of the processes or methods available for each approach.

1. Market Approach
2. Income Approach
3. Cost Approach

The appropriateness of a valuation approach for determining the value of an asset would depend on valuation bases and premises. In addition, some of the key factors that a valuer shall consider while determining the appropriateness of a specific valuation approach and method are:

- (a) nature of asset to be valued;
- (b) availability of adequate inputs or information and its reliability;
- (c) strengths and weakness of each valuation approach and method; and
- (d) valuation approach/method considered by market participants.

Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

The following are some of the instances where a *valuer* applies the market approach:

- (a) where the asset to be valued or a comparable or identical asset is traded in the active market;
- (b) there is a recent, orderly transaction in the asset to be valued; or
- (c) there are recent comparable orderly transactions in identical or comparable asset(s) and information for the same is available and reliable.

Income Approach

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

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.



The following are some of the instances where a *valuer* may apply the income approach:

- (a) where the asset does not have any market comparable or comparable transaction;
- (b) where the asset has fewer relevant market comparables; or
- (c) where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.

Cost Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

In certain situations, historical cost of the asset may be considered by the *valuer* where it has been prescribed by the applicable regulations/law/guidelines or is appropriate considering the nature of the asset.

Examples of situations where a *valuer* applies the cost approach are:

- (a) an asset can be quickly recreated with substantially the same utility as the asset to be valued;
- (b) in case where liquidation value is to be determined; or
- (c) income approach and/or market approach cannot be used.

There are several commonly used and accepted methods for determining the fair value of the shares of a company which are mentioned hereunder:

- Net Asset Value Method
- Dividend Yield Method
- Market Price Method
- Profit Earning Capacity Value Method
- Discounted Cash Flow Method

We have considered the merits and demerits of the methods referred to above to determine the most appropriate methods suitable for the valuation of Shares in the present circumstances



Net Asset Replacement Cost Method under Cost Approach:

The valuation of the Equity shares of the Company under this method is arrived at by determining Net worth of the business undertaking on the business of the Financial Statements duly adjusted for extra ordinary items if any

Value per Equity Share as per Net Asset Replacement Cost Method

The value per Equity share of M's Tierra Agrotech Limited as per the Net Asset Replacement Cost Method under Cost Approach is Rs. 12.38. The working under Net Asset Replacement Cost Method is enclosed as Annexure I to this Report.

Market Price Method under Market Approach:

Since the shares are infrequently traded, we have not considered the Market price method under Market Approach



INCOME APPROACH - DISCOUNTED CASH FLOW METHOD (DCF)

The DCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The valuation under the DCF method depends upon the projections of the future cash flows and the selection of the appropriate discount factor. The DCF methodology is considered to be the most appropriate basis for determining the future earning capability of a business.

On the basis of aforementioned factors, we have considered to value Shares as per **DISCOUNTED CASH FLOWS METHOD**

- Obtained the back ground information about the company.
- Audited Financial statements for the year ended 31st March 2022 & 2021.
- Unaudited Financial Statements for the period ended 31st December 2022.
- Projected Financial Statements for the 5 years provided by the Management
- We have reviewed the documents Information, explanation and documents provided by the Management personnel and executives
- Performed an analysis on projected financial statement for understanding the nature of business and its earning capacity
- Estimated future free cash flows on the basis of projected financial statements

Calculation of value under the DCF method involves estimation of future cash flows from the total projects undertaken by the company till their completion and discounting those cash flows using appropriate discounting factor.

$$\begin{aligned}
 & \text{Value of the Business} = \sum_{t=1}^{t=n} \frac{\text{Expected cash flow}}{(1+r)^t} + \frac{\text{Terminal value}}{(1+r)^n}
 \end{aligned}$$



ESTIMATION OF FREE CASH FLOWS

As indicated above, the future economic benefit, on which financial analysts and business valuer's most frequently focus, is "Net free cash flow", which is defined as follows:

EBIT(1-Tax) + Amortization/Depreciation +/- changes in working capital - changes in capital expenditure

In the light of the above, we developed an indication of the value based on a forecast of the entities net cash flows. This forecast is made to reflect the probable net cash flows for the next five years.

ESTIMATION OF CONTINUATION VALUE

Under the going concern premise the cash flows are expected to be derived by the business company beyond explicit period and will grow at constant rate forever. Based on the this premise the terminal (continuation) value of the business can be estimated as

$$TV = \frac{FCF_{t+1}}{(WACC-G)}$$

ESTIMATION OF COST OF CAPITAL:

- a. All cash flow calculations are predicted on the principle of the Time-Value of Money i.e. the cash received today is more valuable than an equal amount of cash to be received in future. To factor in the principle of Time-Value of Money, the future cash flows are discounted at an appropriate discount rate to arrive at the present value of the stream of cash flows.



- b. The primary determinant of the Time-Value of money is the cost of capital. In many cases the Capital comprises of a combination of Equity as well as Debt, and the Cost of Equity can be quite different from the Cost of Debt. In such a case, the weighted average cost of capital ("WACC") is computed and applied while employing Discounted Cash Flow to Firm (DCFF) model. However in case of discounting of Free Cash Flow to Equity, Cost of Equity (k_e) is computed & applied as a discounting rate.

We have considered discounted free cash flow to firm (FCFF) model. Hence we have taken the weighted average cost of capital for discounting the Free Cash flows to Firm

For calculating WACC, we have considered the Target Debt Equity Ratio as 30:70 as projected in the Company's projected Financial Statements.

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

E = BOOK VALUE OF FIRMS EQUITY

D = BOOK VALUE OF FIRMS DEBT

V = E + D

K_E = COST OF EQUITY

K_D = COST OF DEBT

T = CORPORATE TAX RATE



ESTIMATION OF COST OF EQUITY (KE)

The cost of equity (ke) i.e., the rate at which the future free cash flows are to be discounted is determined using the CAPM model i.e., Capital Asset Pricing Model. The formula for calculating cost of equity under this model is:

$$K_e = K_{rf} + \beta (K_m - K_{rf}) + a$$

Where

- K_e = expected rate of return on equity
- K_{rf} = risk free rate on bonds
- K_m = expected rate of return on the market
- $K_m - K_{rf}$ = equity risk premium
- β = coefficient of firms' systematic risk
- a = additional risk premium

The discount rate and the cost of equity (ke) for M/s. Tierra Agrotech Limited as per CAPM Model is estimated as follows

Risk free rate (K_{rf}) = 7.33% (10years Bond yield - Source: www.investing.com),

Equity Risk Premium (ER (P)) = 9.76% (Source: bseindia)

Beta considered as 1.22 based on the comparable companies

Therefore, Cost of Equity of M/s. Tierra Agrotech Limited as per CAPM Model is = $(7.33\% + (9.76\% * 1.22) = 19.19\%$.

GROWTH RATE (G) FOR TERMINAL PERIOD

While estimating the terminal value, the estimated growth rate of the business shall be reduced from the Cost of Equity (Ke). This is required because of the fact that the future growth will offset the risk involved the cash flows. We have considered a moderate growth rate of 6% for terminal period

The value per Equity share as per the Discounted Cash Flow Method is Rs. 23.64/-



Value per Share

For the purpose of determining the Value per Equity Share of M/s. Tierra Agrotech Limited, we have considered the value per share as per Net Assets Replacement Cost Method under Cost Approach and Discounted Cash Flow Method under Income Approach. The same is presented hereunder.

Particulars	Value per Equity share	Weights	value per share
Value per Equity share as per the Net Assets Method	12.38	20%	2.48
Value per Equity share as per the Discounted Cash Flow Method	23.64	80%	18.91
Value per Equity Share			21.39

As per the above table, the value per Equity share is Rs. 21.39/-.

Place: Hyderabad

Date: 01-04-2023

UDIN: 23239567BGYZHF3035

A. Sravanthi

ANNAMREDDY SRAVANTHI

REGISTERED VALUER

IBBI/RV/05/2019/12377



Appendix A-Statement of Assumptions and Limiting Conditions

The primary assumptions and limiting conditions pertaining to the value estimate conclusion(s) stated in the detailed Valuation report are summarized below. Other assumptions are cited elsewhere in the report.

- 1) The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation 31st December 2022.
- 2) The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). I do not accept liability for losses arising from such subsequent changes in value. All opinions and estimates in this publication or report are, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report and are subject to change without notice.
- 3) We have performed a valuation engagement and present our detailed report in conformity with the "International Valuation Standards" issued by the IVSC. IVSC sets out that the objective of a valuation engagement is "to express an unambiguous opinion as to the of a business, business ownership interest, security or intangible asset which opinion is supported by all procedures that the appraiser deems to be relevant to the valuation." Also according to the Standard in a valuation engagement the valuer can apply valuation approaches or methods deemed in the analyst's professional judgment to be appropriate under the circumstances. In a valuation engagement the conclusion is expressed as either a single amount or a range.



- 4) By reason of the operation of privacy laws, the valuer's enquiries in respect of recent transactions have been constrained. Accordingly, the valuer may not have had access to information on recent transactions which has not yet been published in information sources available to the valuer. If other transactions have taken place, knowledge of those transactions may affect the opinions expressed by the valuer. **To the best of my knowledge and belief the statements and opinions in this report are correct and the information provided by others is accurate. However, no responsibility is assumed for its accuracy, which should be checked by appropriate report, search or formal enquiry if required.**
- 5) It should be noted that **I am not an engineer, a plant and equipment, building construction or structural expert and I am therefore unable to certify as to the (structural) soundness of the improvements.** I am not qualified to comment on the structural integrity, defect, rot or infestation of the improvements. Our scope of work does not include an appraisal or valuation of land, **plant and equipment, building construction and any other immovable or movable property individually.**
- 6) We have provided our recommendation of the Valuation based on the information available to us and within the scope of our engagement, others may have a different opinion. **The final responsibility for value/price at which the Proposed Transaction shall take place will be with the Board of Directors of the Company, who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.**
- 7) We are not advisors with respect to accounting, legal, tax and regulatory matters for the proposed transaction. This Report does not look into the business/commercial reasons behind the proposed transaction nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.



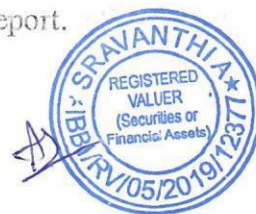
- 8) This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report.
- 9) I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
- 10) The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 11) The valuation of company and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client, I have provided a single value for the overall Value of the Equity of M/s Terra Agrotech Limited. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- 12) We do not provide assurance on the achievability of the results forecasted by entity because events and circumstances frequently do not occur as expected, differences between actual and expected results may be material, and achievement of the forecasted results is dependent on actions, plans, and strategies of management



- 13) The actual market price achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.
- 14) The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.
- 15) I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 16) The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.



- 17) The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
- 18) I was fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority shall be under the applicable laws.
- 19) While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 20) An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.



- 21) In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement.
- 22) We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.
- 23) Any projections of future events described in this report represent the general expectancy concerning such events as on the valuation date. These future events may or may not occur as anticipated, and actual operating results may vary from those described in our report
- 24) Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- 25) This publication or report has been prepared as general information for private use of client to whom the publication or report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor bears the risk of losses in connection with an investment. Before acting on any information in this publication or report, it is recommendable to consult one's financial advisor. The information contained in this publication or report does not constitute advice on the tax consequences of making any particular investment decision.
- 26) I have not conducted any examination in respect of technical feasibility intellectual products owned by the entity.



- 27) The risk of investing in certain financial instruments is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance.
- 28) The valuer may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report. To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of the valuer are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of the Group Companies and personal account dealing
- 29) Our report will not be used for financing or included in a private placement or other public documents and may not be relied upon by any third parties.
- 30) **The valuer does not accept any responsibility or liability for information provided by third parties.** Official confirmation of portfolio holdings with these parties and issues arising from information they have provided must be addressed directly with them.
- 31) I have no financial interest or contemplated financial interest in the companies that are the subject of this report

Place: Hyderabad

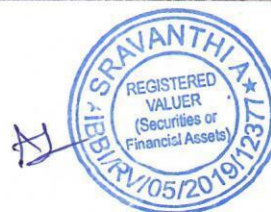
Date: 01-04-2023

A. Seemanti
ANNAMREDDY SRAVANTHI
REGISTERED VALUER
IBBI/RV/05/2019/12377



Annexure – IValuation of Equity share as per Net Asset Replacement Cost Method under Cost Approach

TIERRA AGROTECH LIMITED		
VALUATION AS PER NET ASSET REPLACEMENT COST METHOD		
Particulars	Details	Amount (31-12-2022) (Rs in Lakhs)
Non Current Assets		
Tangible Assets	93.92	
Intangible Assets	5,262.91	
Product under Development	303.93	
Goodwill	3,030.02	
Capital work in progress	110.00	
Right of Use Asset	67.01	
Other Financial Assets	173.16	
Deferred Tax Asset	1,031.94	
Total (A)		10,072.89
Current Assets		
Inventories	3,419.67	
Trade Receivables	1,642.95	
Cash & Cash Equivalents	358.83	
Other Financial Assets	15.79	
Other Current Assets	616.39	
Total (B)		6,053.64
Total Assets C = (A+B)		16,126.52
Less: Current Liabilities		
Short Term Borrowings	6,660.71	
Trade Payables	706.03	
Lease Liabilities	34.25	
Other Current Liabilities	684.81	
Short term provisions	421.52	
Total (D)		8,507.33
Less: Non-Current Liabilities		
Long-Term Borrowings	3,504.40	
Provisions	72.06	
Lease Liabilities	44.63	
Other non current Liabilities	883.27	
Total (E)		4,504.36
Total Liabilities (F=D+E)		13,011.69
Net Assets (G=C-F)		3,114.84
Net Assets Attributable to equity shareholders(G)		3,114.84
No. of Equity Shares		2,51,55,165.00
NAV Per Share		12.38



Discounted Cash Flow Method

TIERRA AGROTECH LIMITED	
Ascertainment of Value Per Share	
Particulars	Amount Rs in Lakhs
NPV of Explicit Period	2,028.18
Present Value of Perpetuity	15,633.20
Enterprise Value	17,661.38
Add: Surplus cash/ cash equivalent	358.83
Less: Liabilities	(78.88)
Less: Borrowings	(11,148.99)
Equity Value	6,792.33
Less: Illiquidity Discount	845.83
Equity value after considering illiquidity discount	5,946.50
No of Equity shares	2,51,55,165.00
Value Per Equity Share	23.64

TIERRA AGROTECH LIMITED						
Projected Free cash flow (Rs in Lakhs)						
Particulars	01-01-2023 to 31-03-2023	31-03-2024	31-03-2025	31-03-2026	31-03-2027	31-03-2028
PAT	(883.38)	168.61	987.36	1,769.43	2,631.10	3,312.05
Add: Interest (1-Tax)	251.16	108.96	107.50	105.79	103.80	101.50
Add: Depreciation	4.77	60.74	58.88	63.37	58.77	58.52
EBIDA	(627.44)	338.30	1,153.74	1,938.59	2,843.67	3,472.07
Increase/(Decrease) in of Share application money						
Increase/(Decrease) in Secured loans						
Increase/(Decrease) in Other Non Current Liabilities						
(Increase)/Decrease in Fixed assets Purchased	(9.86)	(50.00)	(112.82)	(89.52)	(53.00)	(103.21)
(Increase)/Decrease in Investment in Branches						
(Increase)/Decrease in Other Non current Assets						
(Increase)/Decrease in increase in Current Assets	(2,684.66)	(1,440.37)	(466.65)	(2,127.66)	(2,657.87)	(3,607.14)
Increase/(Decrease) in Increase in Current Liabilities	2,798.11	1,028.24	873.02	1,539.41	1,345.74	1,606.44
Net cash generated during the year	(523.85)	(124.53)	1,447.29	1,260.81	1,478.53	1,368.16



Yearly Cash Flows		01-01-2023 to 31-					
Year	03-2023	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	
Free Cash Flows	-523.85	-124.33	1,447.29	1,260.81	1,478.53	1,368.16	
Discount rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	
Discounting factor	0.96	0.84	0.72	0.63	0.54	0.47	
Discounted Cash Flows	-505.32	-103.83	1,046.53	789.35	801.44	642.09	

Perpetuity value	
Particulars	Amount (Rs in Lakhs)
PBT for FY 2027-28	4,426.10
Less: Tax	1,114.05
PAT	3,312.05
Add: Dep	58.52
Growth Rate	0.06
Cash profits for perpetuity	3,572.81
Increase in Net working capital	318.90
Capital Expenditure	89.64
Net Cash Flow for Perpetuity	3,164.27
Capitalized Value for Perpetuity	33,310.96
Total Capitalized Value	33,310.96
Discounting Factor	0.47
present value of perpetuity	15,633.20

Calculation of WACC

Particulars	31-03-2023	31-03-2024	31-03-2025	31-03-2026	31-03-2027	31-03-2028
Debt	30%	30%	30%	30%	30%	30%
Equity	70%	70%	70%	70%	70%	70%
Kd(1-t)	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%
Kc	19.19%	19.19%	19.19%	19.19%	19.19%	19.19%
$(K_e * E / D + E) + (K_d(1-t) * D / D + E)$	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%

