



REPORT ON FAIR VALUATION OF EQUITY SHARES OF SHIELD AUTOGLASS LIMITED AS ON 30TH SEPTEMBER 2021

Valuation
Investment Banking
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October 2022

To,
Mr. Gopal Ganatra
Executive Director, General Counsel and Company Secretary
Asahi India Glass Limited
Tower D, Global Business Park, Unit No 301-308, 1101-1104,
Mehrauli-Gurgaon Road, Sector 26, Gurugram, Haryana 122002

Subject: Fair Valuation of Equity Shares of Shield Autoglass Limited as on 30th September 2021

Dear Sir,

In accordance with the Engagement Letter no. RBSA/DEL/FAS/OFFER/04032022 dated 4th March 2022, we enclose our Valuation Report (“**Report**”) on the Fair Valuation of Equity Shares of Shield Autoglass Limited (“**SAL**” or the “**Company**”) as of 30th September 2021 (the “**Valuation Date**”) for the purposes of internal management review of the Board of Directors of Asahi India Glass Limited (“**AIS**” or the “**Client**”) for evaluating a proposal for acquisition of controlling equity stake in the Company (the “**Purpose**”).

Founded in 1984, Asahi India Glass Limited is an integrated glass solutions provider offering a wide range of products across the Automotive, Architectural and Consumer Glass segments. AIS has 3 strategic business units namely Automotive, Architectural and Consumer. The promoters of AIS include Asahi Glass Company, Japan; the Labroo family and Maruti Suzuki India Limited.

Shield Autoglass Limited is a 50:50 Indo - Japanese joint venture. SAL is a subsidiary of Asahi Glass Company, Japan. SAL is the first and only network of specialized repair and replacement centers for automotive glass in India. It was established in 2001 with the opening of first service center in New Delhi and currently has a network of 90+ service centers spread across 60+ cities in India. Shield Autoglass Limited is a related party to Asahi India Glass Limited.

RBSA Valuation Advisors LLP (“**RBSA**” or “**We**” or “**us**”), a Registered Valuer Entity (Registration Number - IBBI/RV-E/05/2019/110) registered with Insolvency and Bankruptcy Board of India, has been appointed by the Management of Asahi India Glass Limited to carry out the Fair Valuation of Equity Shares of the Company.

This Report has been prepared solely for the Client in connection with the Purpose stated herein and should not be relied upon for any other purpose.

The valuation estimates are based on the historical audited and unaudited financial statements, projected financials, operational parameters and other information provided by the Management of SAL, information available in public domain and market analysis. While our work has involved analysis of financial and other information, it has not included an audit in accordance with generally accepted auditing standards.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of professional judgments. There is, therefore, no indisputable single value. While we normally express our assessment as falling within a likely range, as per requirement of this Engagement, we are providing a single value.

The analysis of any change, event or circumstance that may have occurred in the business, market or economy after the Valuation Date is out of our scope. Projections or forecasts relate to future events and circumstances. Because events and circumstances frequently do not occur as expected, there will usually be differences between projected and actual results, and those differences may be material. We take no responsibility for the achievement of results projected.

Our conclusions do not reflect the outcome of due diligence procedures. The reader is cautioned that the outcome of that process could change conclusions and our valuation, and that change could be material. The Valuation is not intended for general circulation or publication and is not to be reproduced without our prior written consent or used for any purpose other than for the purposes stated above and cannot be relied upon by third parties. **The permitted users of the Report are Asahi India Glass Limited and Shield Autoglass Limited only.** This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers enumerated in the Report. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred therein.

Valuation

- We have considered and applied internationally accepted valuation standards, approaches and methodologies to estimate the Fair Value of Equity Shares of the Company.
- We have applied the Discounted Cashflow (DCF) method under the Income approach for the Valuation of the Company.
- Since any listed comparable companies and comparable transactions for SAL could not be identified, we have not used the Comparable Companies Multiple (CCM) Method and the Comparable Transaction Multiple (CTM) Method under the Market approach.
- The Fair Valuation of Equity Shares of SAL has been carried out under two scenarios as required by the Management of AIS and the Company. The two scenarios are as follows:-
 - **Scenario I: SAL on a standalone basis on “as is where is” basis** under an assumption that SAL, ADSL and AIA shall continue to own their respective Windshield Experts (“WE”) service centers
 - **Scenario II: Consolidation of WE business under SAL** - The Management of SAL has assumed that 11 service centers which are owned and operated by AIS Distribution Services Limited (“ADSL”) and 5 service centers which are owned and operated by AIS Adhesives Limited (“AIA”) have been transferred to SAL as of the Valuation Date. **The Management of SAL has confirmed that the purchase consideration for the transfer of the service centers from ADSL and AIA to SAL is nil and the same has been adopted for the valuation analysis.**

Based on the aforesaid, we have estimated the Fair Value of Equity Shares of the Company as of 30th September 2021 as follows:

Valuation Summary of SAL under Scenario I: SAL on a standalone basis on “as is where is” basis

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.03
Present Value of Terminal Value	47.18
Operating Enterprise Value (EV)	57.21
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	56.86
Less: Debt	8.41
Add: Cash & Bank Balance	0.36
Equity Value	48.81

Valuation Summary of SAL under Scenario II: Consolidation of WE business under SAL

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.29
Present Value of Terminal Value	50.34
Operating Enterprise Value (EV)	60.64
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	60.29
Less: Debt	8.41
Add: Cash & Bank Balance	0.55
Equity Value	52.42

Valuation Summary (as of 30th September 2021):

Particulars	Enterprise Value (INR Crore)	Equity Value (INR Crore)	WACC (%)
Scenario I	56.86	48.81	15.30%
Scenario II	60.29	52.42	15.30%

Based on the analysis of the information provided by the Management of SAL as well as the factors discussed and outlined in this Report, the Fair Value of Equity Shares of SAL as of 30th September 2021 under Scenario I and Scenario II is estimated at INR 48.81 crore and INR 52.42 crore, respectively.

For RBSA Valuation Advisors LLP
(RVE No: IBBI/RV-E/05/2019/110)

Rajeev Ramesh Shah
Partner
Asset Class: Securities or Financial Assets
RV No. IBBI/RV/06/2018/10186

Manish Bohra
Associate Director

RBSA Valuation Advisors LLP
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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY



- Founded in 1984, Asahi India Glass Limited (“AIS” or the “Client”) is an integrated glass solutions provider offering a wide range of products across the Automotive, Architectural and Consumer Glass segments. AIS has 3 strategic business units namely Automotive, Architectural and Consumer. The promoters of AIS include Asahi Glass Company, Japan; the Labroo family and Maruti Suzuki India Limited.
- Shield Autoglass Limited (“SAL” or the “Company”) is a 50:50 Indo - Japanese joint venture. SAL is a subsidiary of Asahi Glass Company, Japan. SAL is the first and only network of specialized repair and replacement centers for automotive glass in India. It was established in 2001 with the opening of first service center in New Delhi and currently has a network of 90+ service centers spread across 60+ cities in India. Shield Autoglass Limited is a related party to Asahi India Glass Limited.
- We understand that the Management of Asahi India Glass Limited is evaluating a proposal for acquisition of controlling equity stake in Shield Autoglass Limited (the “Proposed Transaction”).
- In connection with the aforementioned, RBSA Valuation Advisors LLP (“RBSA” or “We” or “us”), a Registered Valuer Entity (Registration Number - IBBI/RV-E/05/2019/110) registered with Insolvency and Bankruptcy Board of India, has been appointed by the Management of Asahi India Glass Limited to carry out the Fair Valuation of Equity Shares of the Company as of 30th September 2021 (the “Valuation Date”) for the purposes of internal management review of the Board of Directors of Asahi India Glass Limited for evaluating a proposal for acquisition of controlling equity stake in the Company (the “Purpose”).
- We have accordingly estimated the Fair Value of Equity Shares of the Company using the information and financial data provided by the Management of SAL and information available in public domain.

EXECUTIVE SUMMARY



Fair Valuation of Equity Shares of SAL

- We have considered and applied internationally accepted valuation standards, approaches and methodologies to estimate the Fair Value of Equity Shares of the Company.
- We have applied the Discounted Cashflow (DCF) method under the Income approach for the Valuation of the Company.
- Since any listed comparable companies and comparable transactions for SAL could not be identified, we have not used the Comparable Companies Multiple (CCM) Method and the Comparable Transaction Multiple (CTM) Method under the Market approach.
- The Fair Valuation of Equity Shares of SAL has been carried out under two scenarios as required by the Management of AIS and the Company. The two scenarios are as follows:-
 - **Scenario I: SAL on a standalone basis on “as is where is” basis** under an assumption that SAL, ADSL and AIA shall continue to own their respective WE service centers
 - **Scenario II: Consolidation of WE business under SAL** - The Management of SAL has assumed that 11 service centers which are owned and operated by AIS Distribution Services Limited and 5 service centers which are owned and operated by AIS Adhesives Limited have been transferred to SAL as of the Valuation Date. **The Management of SAL has confirmed that the purchase consideration for the transfer of the service centers from ADSL and AIA to SAL is nil and the same has been adopted for the valuation analysis.**

EXECUTIVE SUMMARY



Based on the aforesaid, we have estimated the Fair Value of Equity Shares of the Company as of 30th September 2021 as follows:

Valuation Summary of SAL under Scenario I: SAL on a standalone basis on “as is where is” basis

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.03
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Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	56.86
Less: Debt	8.41
Add: Cash & Bank Balance	0.36
Equity Value	48.81

Valuation Summary of SAL under Scenario II: Consolidation of WE business under SAL

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.29
Present Value of Terminal Value	50.34
Operating Enterprise Value (EV)	60.64
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	60.29
Less: Debt	8.41
Add: Cash & Bank Balance	0.55
Equity Value	52.42

EXECUTIVE SUMMARY



Valuation Summary (as of 30th September 2021):

Particulars	Enterprise Value (INR Crore)	Equity Value (INR Crore)	WACC (%)
Scenario I	56.86	48.81	15.30%
Scenario II	60.29	52.42	15.30%

Based on the analysis of the information provided by the Management of SAL as well as the factors discussed and outlined in this Report, the Fair Value of Equity Shares of SAL as of 30th September 2021 under Scenario I and Scenario II is estimated at INR 48.81 crore and INR 52.42 crore, respectively.

BACKGROUND

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BACKGROUND



BACKGROUND



RBSA 'Valuer'	RBSA Valuation Advisors LLP
Date of Appointment	4 th March 2022
Date of Valuation Report	As mentioned in the transmittal letter above
Valuation Date	30 th September 2021
Currency	Indian Rupees (INR)
RBSA Valuation Team	<ol style="list-style-type: none"> 1. Rajeev Shah 2. Manish Bohra 3. Himanshu Bhatia 4. Rohit Dhamija 5. Maulik Prajapati
Purpose of Valuation	Internal management review of the Board of Directors of Asahi India Glass Limited for evaluating a proposal for acquisition of controlling equity stake in the Company
Premise and Basis of Valuation	<ul style="list-style-type: none"> ▪ The Premise of Valuation of the Company is "Going Concern" which assumes that the enterprise shall continue to operate and run its business on a going concern basis. ▪ The Basis of Valuation is "Fair Value" which means "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
Valuation Standard Adopted	International Valuation Standards

COMPANY OVERVIEW

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COMPANY OVERVIEW



Business Snapshot

Company Name: Shield Autoglass Ltd. (SAL)

Nature of Business: Automotive glass repair and replacement

- Shield Autoglass Ltd. (SAL), incorporated on 1st March 2000 and headquartered in Gurgaon, is engaged solely in the business of repairing and replacement of automobile glass under the brand “AIS Windshield Experts”.
- In 2001, SAL opened its first center in Delhi/NCR region.
- SAL is promoted by the Labroo family through their investment company M/s Allied Fincap Services Pvt. Ltd. and Autoglass Company Ltd., a subsidiary of automotive glass manufacturer - Asahi Glass Company, Japan.
- SAL has a network of self-owned and franchisee centers and a fleet of mobile vans in more than 60 cities.
- SAL is a related party of Asahi India Glass Limited.

Products & Services

Glass Repair

Glass Replacement

Battery Check &
Replacement

Car Care Products

Headlight Restoration

Car Cleaning and
Detailing

COMPANY OVERVIEW

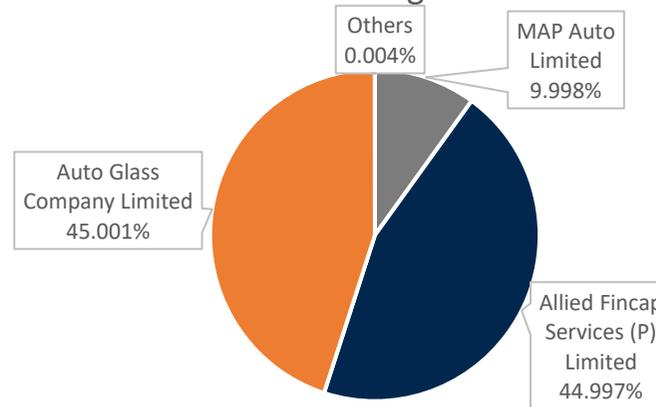
Business Model



- Under this model, independent individual parties operate service centers and become Shield Autoglass Ltd. franchise partners.
- Currently, more than 35 service centers are operational under this model. Out of 35 service centers, 11 service centers are owned and operated by ADSL and 5 service centers are owned and operated by AIA.

- Under this model, Shield Autoglass Ltd. independently operates service centers.
- Currently, more than 55 service centers are operational under this model.

Shareholding in SAL



- MAP Auto Limited
- Allied Fincap Services (P) Limited
- Auto Glass Company Limited
- Others

* Shareholding pattern of SAL as of 30th September 2021

COMPANY OVERVIEW

- “AIS Windshield Experts” is a brand owned by Shield Autoglass Limited and is engaged solely in the business of repairing and replacement of automobile glass.
- The Windshield Experts (“WE”) business is currently spread across three companies – SAL, ADSL and AIA and few independent franchisees.
- Windshield Experts offers its services from more than 90 service centers located in more than 60 cities.
- 11 service centers are owned & operated by ADSL and 5 service centers are owned & operated by AIA.



SOURCES OF INFORMATION

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SOURCES OF INFORMATION

The Fair Valuation of Equity Shares of the Company has been carried out based on the following sources of information:

- Audited financial statements for FY2017, FY2018, FY2019, FY2020 and FY2021 of the Company
- Provisional financial statements for the period 1st April 2021 to 30th September 2021 of the Company
- Projected financials for the period FY2022 to FY2027 of the Company
- Provisional Balance Sheet of the Company as on the Valuation Date considering transfer of Windshield Experts centers owned and operated by ADSL and AIA to SAL
- Tax audit reports for FY2019, FY2020 and FY2021 of the Company
- Income tax returns for FY2019, FY2020 and FY2021 of the Company
- Company website and corporate presentation
- Discussions with the following personnel of the Company:
 - Mr. Ratish Ramanujam, Chief Operating Officer, SAL
 - Mr. Sachin Khurana, Chief Financial Officer, SAL
- We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Management
- Databases such as S&P Capital IQ, Venture Intelligence, etc.

VALUATION APPROACHES AND METHODOLOGY

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VALUATION APPROACHES AND METHODOLOGY



VALUATION APPROACHES

INCOME APPROACH

Estimates value based on the present value of future earnings of cash

Applied

MARKET APPROACH

Estimates value based on the trading multiples of comparable companies and the transaction multiples of comparable precedent transactions

Not Applied

COST APPROACH

Estimates value based on the fair value of the business' assets less the fair value of its liabilities

Not Applied

VALUATION APPROACHES AND METHODOLOGY



Valuation Methodologies		
Approach	Methodology Used	Rationale
Income Approach <ul style="list-style-type: none"> Discounted Cash Flows (“DCF”) 	✓	<ul style="list-style-type: none"> Under a DCF approach, forecasted cashflows are discounted back to the present date, generating a net present value for the cashflow stream of the business. A terminal value at the end of the explicit Forecast Period is then determined and that value is also discounted back to the valuation date to give an overall value for the business. A Discounted Cash Flow methodology typically requires the Forecast Period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. The rate at which the future cash flows are discounted (“the discount rate”) should reflect not only the time value of money, but also the risk associated with the business’ future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental. The discount rate most generally employed is Weighted Average Cost of Capital (“WACC”) or Cost of Equity (Ke), reflecting an optimal as opposed to actual financing structure. (Explained in ensuing slides) In calculating the terminal value, regard must be given to the business’ potential for further growth beyond the explicit Forecast Period. The “constant growth model”, which applies an expected constant level of growth to the cash flow forecast in the last year of the Forecast Period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples. Since the financial projections of SAL were made available by the Management of SAL, we have used the DCF method under the Income Approach for the valuation of SAL.

VALUATION APPROACHES AND METHODOLOGY



Valuation Methodologies		
Approach	Methodology Used	Rationale
Market Approach <ul style="list-style-type: none"> Market Price Method 	x	<ul style="list-style-type: none"> Under this approach, the value of the business is arrived at considering the market price of the company on recognized stock exchange. Since the Company (SAL) is not listed, we have not used the Market Price method.
Market Approach <ul style="list-style-type: none"> Comparable Companies Multiple Method ("CCM") 	x	<ul style="list-style-type: none"> Under the Comparable Companies Multiple Method, the value of shares / business of a Company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as of ADSL, AIA and SAL. The appropriate multiple is generally based on the performance of listed companies with similar business models and size. The CCM method could not be applied for SAL since no pure play comparable companies listed in India could be identified.
Market Approach <ul style="list-style-type: none"> Comparable Transaction Multiple Method ("CTM") 	x	<ul style="list-style-type: none"> Under the Comparable Transaction Multiple Method, the value of shares / business of a Company is determined based on market multiples of publicly disclosed transactions in the similar business as that of ADSL, AIA and SAL. Multiples are based on data from recent transactions in the similar sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. As we could not identify relevant transactions involving companies in the business similar to that of SAL, we have not used this methodology for the valuation.

VALUATION APPROACHES AND METHODOLOGY



Valuation Methodologies		
Approach	Methodology Used	Rationale
Cost Approach <ul style="list-style-type: none"> Net Asset Value 	x	<ul style="list-style-type: none"> Under the Net Asset Value Method, total value is based on the sum of the fair value of the net assets. The Net Asset Value Methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. Since SAL is “going concern” and operational company having small tangible fixed asset base, we have not used the NAV approach to value the Company.

VALUATION APPROACHES AND METHODOLOGY



Weighted Average Cost of Capital (WACC)

- WACC is an overall rate of return derived based upon the individual rates of return for invested capital (equity and interest bearing debt). In calculating our WACC analysis, we estimated the following components: (1) the cost of equity; (2) the cost of debt; and (3) an appropriate capital structure.

- The cost of equity (K_e) is derived by using the Capital Asset Pricing Model ("CAPM") as follows:

$$K_e = R_f + \beta * (R_m - R_f) + \alpha$$

Where: R_f = the current return on risk-free assets

R_m = the expected average return of the market

$(R_m - R_f)$ = the average risk premium above the risk-free rate that a "market" portfolio of assets is earning

β = the beta factor, being the measure of the systematic risk for this type of equity investment

α = company specific risk factor (alpha)

To estimate the Beta, we selected the Guideline companies which are manufactures/suppliers of similar product/services of our Company.

- The cost of debt is the rate that a prudent investor would require to lend money to the Company on an after tax basis.
- To estimate an appropriate capital structure for the Company in terms of the specific weighing between equity and debt capital, we considered industry specific capital structure data.

VALUATION PROCEDURES

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VALUATION PROCEDURES



- Initiated Kick – Off meeting with the Management of Asahi India Glass Limited and the Company
- Received information based on Information Requirement List (IRL) shared with the Company



- Analysis of information shared by the Company
- Discussions with the Management of SAL and Key Managerial Personnel of the Company regarding the business model, revenue drivers, key risks and other relevant factors



- Considered provisional financial statements of the Company as of the Valuation Date
- Considered financial projections of the Company for the forecast period provided by the Management of SAL



- Performed industry analysis using publicly available information and databases such as CapitalIQ, Venture Intelligence, etc.
- Benchmarked the key assumptions used in the financial projections with historical performance of the Company and industry analysis



- Carried out valuation using the Discounted Cashflows Method under the Income approach
- Issuance of Draft Valuation Report
- Issuance of Final Valuation Report

HISTORICAL FINANCIALS

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HISTORICAL PROFIT & LOSS STATEMENT



Shield Autoglass Limited - Historical Profit and Loss Statement

INR Crore

Particulars	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue					
Revenue from Operations	27.22	32.07	38.84	38.11	30.30
Franchisee Fees	1.15	1.25	1.14	0.84	0.79
Total Revenue	28.37	33.32	39.99	38.95	31.09
<i>YoY Growth</i>		<i>17.43%</i>	<i>20.03%</i>	<i>-2.61%</i>	<i>-20.17%</i>
Expenses					
Cost of materials sold	14.86	19.42	26.51	25.84	20.21
Employee benefit expenses	5.76	6.37	6.31	6.46	5.53
Rent	3.71	4.07	4.35	4.04	2.86
Advertisement Expenses	0.33	0.33	0.34	0.41	0.33
Other expenses	2.84	2.65	2.83	2.74	1.86
Total expenses	27.48	32.85	40.35	39.48	30.78
EBITDA	0.89	0.47	(0.36)	(0.53)	0.31
<i>EBITDA Margin</i>	<i>3.15%</i>	<i>1.41%</i>	<i>-0.90%</i>	<i>-1.37%</i>	<i>1.00%</i>
Depreciation & amortisation Expenses	0.48	0.54	0.72	0.77	0.74
EBIT	0.42	(0.07)	(1.08)	(1.30)	(0.43)
<i>EBIT Margin</i>	<i>1.47%</i>	<i>-0.20%</i>	<i>-2.70%</i>	<i>-3.34%</i>	<i>-1.37%</i>
Interest Cost	0.97	1.05	1.04	0.98	1.04
Other Income	0.16	0.27	0.55	0.21	0.20
Extraordinary Items-Prior Period Items	-	-	0.01	0.09	0.03
PBT	(0.40)	(0.85)	(1.58)	(2.15)	(1.30)
<i>PBT Margin</i>	<i>-1.40%</i>	<i>-2.56%</i>	<i>-3.94%</i>	<i>-5.52%</i>	<i>-4.17%</i>

Revenue (INR Crore)	
Average FY2017-2020	FY2021
35.16	31.09

EBITDA Margin	
Average FY2017-2020	FY2021
0.57%	1.00%

PBT Margin	
Average FY2017-2020	FY2021
-3.36%	-4.17%

- Operating revenue grew at a CAGR of 18.72% from FY2017 to FY2019. However, revenue generation got impacted in FY2020 and FY2021 on account of slowdown in economic activities due to restrictions imposed to curb COVID 19 pandemic.
- In FY2020, operating revenue declined by 2.61% and further in FY2021, operating revenue significantly declined by 20.17%.
- EBITDA margin deteriorated from 3.15% in FY2017 to -1.37% in FY2020.
- In FY2021, EBITDA margin slightly improved to 1.00% on account of improvement in gross margin.

HISTORICAL BALANCE SHEET



Shield Autoglass Limited - Historical Balance Sheet

INR Crore

Particulars	FY2017	FY2018	FY2019	FY2020	FY2021
ASSETS					
Non-current assets:					
Property, plant and equipment	2.49	2.68	3.13	3.07	2.67
Capital Work Under progress	-	0.43	0.14	-	-
Intangible Assets	0.13	0.17	0.57	0.49	0.33
Financial Assets					
Loans & Advances	-	2.53	2.94	2.84	2.34
Deferred Tax Assets	0.24	0.21	0.21	0.21	0.21
Current assets:					
Inventories	2.11	2.28	2.95	2.98	2.69
Financial assets:					
Trade receivables	0.89	1.84	2.79	2.69	2.24
Cash and Cash equivalents	0.41	1.36	1.09	1.04	0.34
Loans & Advances	2.54	0.30	0.30	0.40	1.03
Total Assets	8.81	11.80	14.12	13.71	11.85

HISTORICAL BALANCE SHEET



Shield Autoglass Limited - Historical Balance Sheet

INR Crore

Particulars	FY2017	FY2018	FY2019	FY2020	FY2021
EQUITY AND LIABILITIES					
Equity:					
Equity share capital	1.83	1.83	1.83	1.83	1.83
Other equity	(8.59)	(9.47)	(11.05)	(13.20)	(14.50)
Non-current liabilities:					
Financial liabilities:					
Borrowings	-	10.00	8.50	6.63	6.66
Other financial liabilities	0.66	0.54	0.62	0.57	0.47
Provisions	0.45	0.51	0.49	0.49	0.54
Current liabilities:					
Financial liabilities:					
Borrowings	7.31	-	1.50	3.37	2.32
Trade payables	6.34	7.33	9.97	12.07	12.55
Other financial liabilities	0.24	0.26	0.28	0.33	0.24
Other current liabilities	0.56	0.78	1.95	1.60	1.71
Short-term Provisions	0.01	0.02	0.02	0.02	0.02
TOTAL EQUITY AND LIABILITIES	8.81	11.80	14.12	13.71	11.85

PROJECTED FINANCIALS

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SCENARIO I

PROJECTED FINANCIALS – SCENARIO I



Shield Autoglass Limited - Projected Profit and Loss Statement

Scenario I: SAL on a standalone basis on “as is where is” basis under an assumption that SAL, ADSL and AIA shall continue to own their respective WE service centers

INR Crore

Particulars (INR Crore)	FY2022 (H1)	FY2022 (H2)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Revenue								
Revenue from Operations	12.60	15.47	28.07	37.03	47.82	60.07	73.78	88.40
Franchisee Fees	0.54	0.88	1.42	1.86	2.39	3.76	5.54	7.01
Total Revenue	13.15	16.34	29.49	38.89	50.22	63.83	79.32	95.41
YoY Growth			-5.15%	31.89%	29.11%	27.11%	24.27%	20.28%
Expenses								
Cost of materials sold	7.27	8.82	16.09	21.11	27.26	34.24	42.05	50.39
Employee benefit expenses	2.96	3.47	6.43	7.73	9.50	11.34	13.30	15.36
Rent	1.35	1.67	3.02	3.95	5.03	6.00	6.93	8.24
Advertisement Expenses	0.12	0.20	0.33	0.91	1.17	1.42	1.68	1.92
Other expenses	0.93	1.10	2.02	2.51	3.07	3.49	3.84	4.47
Total expenses	12.62	15.26	27.88	36.21	46.03	56.49	67.80	80.38
EBITDA	0.53	1.08	1.61	2.68	4.19	7.34	11.52	15.03
EBITDA Margin	4.00%	6.63%	5.45%	6.90%	8.34%	11.50%	14.52%	15.75%
Depreciation and amortization Expenses	0.41	0.41	0.82	1.12	1.36	1.15	0.94	1.16
EBIT	0.12	0.67	0.79	1.56	2.83	6.19	10.58	13.87
EBIT Margin	0.88%	4.09%	2.66%	4.01%	5.63%	9.69%	13.33%	14.54%

PROJECTED FINANCIALS – SCENARIO I



Revenue

The revenue model encompasses 4 streams namely – repair and replacement of autoglass, franchise fees, business collaborations and other value added products & services.

1. Repair & Replacement of Autoglass

SAL provides repair & replacement of autoglass through Company Owned and Company Operated (COCO) centers located across India. The Management of SAL has projected revenue from the COCO centers as follows:-

▪ Existing COCO centers:

- The Management of SAL has projected gross revenue from existing COCO centers to grow to INR 35.38 crore in FY2022.
- FY2023 onwards, gross revenue from existing COCO centers has been projected to grow at 10% annually.

▪ New COCO centers:

- The Management of SAL has projected to add COCO centers over the forecast period as follows:

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
New COCO centers	3	15	15	10	10	8

- Gross revenue from new COCO centers has been projected to grow from INR 0.16 crore in FY2022 to INR 40.73 crore in FY2027.

2. Income from Franchisees

- The Management of SAL has projected to add Franchise Owned and Franchise Operated (FOFO) centers over the forecast period as follows:

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
New FOFO centers	16	20	20	20	20	20

- Franchisee fees has been projected to grow from INR 1.42 crore in FY2022 to INR 7.01 crore in FY2027.

PROJECTED FINANCIALS – SCENARIO I



3. Business Collaboration

- The Management of SAL has projected income from collaboration with GX Glass Sales & Services Ltd to be constant at INR 0.14 crore each year from FY2022 to FY2027.

4. Value Added Products & Services

- Value added products & services include-
 - Battery check & replacement service
 - Car detailing
 - Car sanitization/vacuum
 - Wiper blade replacement and other car care products
- The Management of SAL has projected revenue from sale of value added products & services to grow from INR 1.67 crore in FY2022 to INR 7.89 crore in FY2027.

Operating Expenses

- **Cost of Materials Sold:** The cost of materials sold has been estimated at 57.00% of revenue for the projected period.
- **Employee Benefit Expenses:** The employee benefit expenses have been projected to grow from INR 6.43 crore in FY2022 to INR 15.36 crore in FY2027.

PROJECTED FINANCIALS – SCENARIO I



Other Key Assumptions

- **EBITDA Margin:** The Management of SAL has projected EBITDA margin to be as follows:

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Center Level EBITDA Margin	16.84%	17.55%	18.05%	19.05%	20.05%	20.05%
Overheads as a % of Revenue	16.17%	15.34%	14.30%	13.08%	11.95%	10.98%
Overall EBITDA Margin	5.45%	6.90%	8.34%	11.50%	14.52%	15.75%

- **Tax Rate:** The corporate tax rate is considered at 25.17%.
- **Working Capital:**
 - We have relied on the working capital assumptions provided by the Management of SAL.
 - Trade receivables outstanding days have been projected to decrease from 33 days in FY2022 to 14 days in FY2027.
 - Trade payables outstanding days have been projected to decrease from 304 days in FY2022 to 84 days in FY2027.
 - Inventory days have been projected to decrease from 74 days in FY2022 to 26 days in FY2027.
- **Capital Expenditure:** The Management of SAL has projected the capital expenditure as follows:

Particulars	FY2022 (H2)	FY2023	FY2024	FY2025	FY2026	FY2027
Capex- New Store	0.27	1.35	1.35	0.90	0.90	0.72
Capex- Old Store	0.10	0.10	0.10	0.10	0.10	0.10
VAN	0.10	0.20	0.20	0.20	0.20	0.20
ERP Cost	-	-	-	-	0.50	0.50
Total	0.47	1.65	1.65	1.20	1.70	1.52

- **Depreciation:** The Management of SAL has projected depreciation on Property, Plant & Equipment and Intangible assets based on the Straight Line Method (SLM) of depreciation for the projected period.
- **Contingent Liabilities :** Based on our discussions with the Management of SAL and analysis of FY2021 annual report, there are contingent liabilities amounting to INR 7,017,513 on account of VAT/CST demand. The probability of materialization of contingent liabilities has been assumed at 50.00%.

SCENARIO II

PROJECTED FINANCIALS – SCENARIO II



Shield Autoglass Limited - Projected Profit and Loss Statement

Scenario II: Consolidation of WE business under SAL - The Management of SAL has assumed that 11 service centers which are owned and operated by AIS Distribution Services Limited and 5 service centers which are owned and operated by AIS Adhesives Limited have been transferred to SAL as of the Valuation Date. **The Management of SAL has confirmed that the purchase consideration for the transfer of the service centers from ADSL and AIA to SAL is nil and the same has been adopted for the valuation analysis.**

INR Crore

Particulars (INR Crore)	FY2022 (H1)	FY2022 (H2)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Revenue								
Revenue from Operations	16.66	20.72	37.38	49.03	61.15	74.85	90.58	107.37
Franchisee Fees	0.22	0.45	0.67	1.05	1.58	2.78	4.47	5.83
Total Revenue	16.88	21.17	38.05	50.08	62.74	77.62	95.06	113.20
YoY Growth				31.62%	25.27%	23.73%	22.46%	19.09%
Expenses								
Cost of materials sold	9.45	11.81	21.26	27.95	34.86	42.66	51.63	61.20
Employee benefit expenses	3.73	4.24	7.97	9.65	11.58	13.61	15.92	18.29
Rent	1.74	2.17	3.91	4.94	5.89	6.85	8.26	9.76
Advertisement Expenses	0.17	0.24	0.41	1.00	1.25	1.52	1.77	2.02
Other expenses	1.25	1.46	2.71	3.33	3.96	4.45	5.21	6.00
Total expenses	16.34	19.92	36.26	46.86	57.55	69.09	82.79	97.26
EBITDA	0.53	1.25	1.79	3.22	5.19	8.54	12.26	15.94
EBITDA Margin	3.17%	5.91%	4.69%	6.42%	8.27%	11.00%	12.90%	14.08%
Depreciation and amortization Expenses	0.51	0.31	0.82	1.12	1.36	1.15	0.94	1.16
EBIT	0.02	0.94	0.96	2.09	3.83	7.39	11.32	14.78
EBIT Margin	0.15%	4.43%	2.53%	4.18%	6.10%	9.51%	11.91%	13.06%

PROJECTED FINANCIALS – SCENARIO II



Revenue

The revenue model encompasses 4 streams namely – repair and replacement of autoglass, franchise fees, business collaborations and other value added products & services.

1. Repair & Replacement of Autoglass

SAL provides repair & replacement of autoglass through Company Owned and Company Operated (COCO) centers located across India. The Management of SAL has projected revenue from the COCO centers as follows:-

▪ Existing COCO centers:

- The Management of SAL has projected gross revenue from existing COCO centers to grow to INR 47.67 crore in FY2022.
- FY2023 onwards, gross revenue from existing COCO centers has been projected to grow at 10% annually.

▪ New COCO centers:

- The Management of SAL has projected to add COCO centers over the forecast period as follows:

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
New COCO centers	3	15	15	10	10	8

- Gross revenue from new COCO centers has been projected to grow from INR 0.16 crore in FY2022 to INR 40.73 crore in FY2027.

2. Income from Franchisees

- The Management of SAL has projected to add Franchise Owned and Franchise Operated (FOFO) centers over the forecast period as follows:

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
New FOFO centers	16	20	20	20	20	20

- Franchisee fees has been projected to grow from INR 0.67 crore in FY2022 to INR 5.83 crore in FY2027.

PROJECTED FINANCIALS – SCENARIO II



3. Business Collaboration

- The Management of SAL has projected income from collaboration with GX Glass Sales & Services Ltd to be constant at INR 0.14 crore each year from FY2022 to FY2027.

4. Value Added Products & Services

- Value added products & services include-
 - Battery check & replacement service
 - Car detailing
 - Car sanitization/vacuum
 - Wiper blade replacement and other car care products
- The Management of SAL has projected revenue from sale of value added products & services to grow from INR 2.14 crore in FY2022 to INR 10.87 crore in FY2027.

Operating Expenses

- **Cost of Materials Sold:** The cost of materials sold has been estimated at 57.00% of revenue for the projected period.
- **Employee Benefit Expenses:** The employee benefit expenses have been projected to grow from INR 7.97 crore in FY2022 to INR 18.29 crore in FY2027.

PROJECTED FINANCIALS – SCENARIO II



Other Key Assumptions

- **EBITDA Margin:** The Management of SAL has projected EBITDA margin to be as follows:

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Center Level EBITDA Margin	17.27%	18.05%	19.05%	20.05%	20.05%	20.05%
Overheads as a % of Revenue	14.03%	13.34%	12.82%	11.91%	10.91%	10.09%
Overall EBITDA Margin	4.69%	6.42%	8.27%	11.00%	12.90%	14.08%

- **Tax Rate:** The corporate tax rate is considered at 25.17%.
- **Working Capital:**
 - We have relied on the working capital assumptions provided by the Management of SAL.
 - Trade receivables outstanding days have been projected to decrease from 33 days in FY2022 to 14 days in FY2027.
 - Trade payables outstanding days have been projected to decrease from 304 days in FY2022 to 84 days in FY2027.
 - Inventory days have been projected to decrease from 74 days in FY2022 to 26 days in FY2027.
- **Capital Expenditure:** The Management of SAL has projected the capital expenditure as follows:

Particulars	FY2022 (H2)	FY2023	FY2024	FY2025	FY2026	FY2027
Capex- New Store	0.27	1.35	1.35	0.90	0.90	0.72
Capex- Old Store	0.10	0.10	0.10	0.10	0.10	0.10
VAN	0.10	0.20	0.20	0.20	0.20	0.20
ERP Cost	-	-	-	-	0.50	0.50
Others	-	0.12	0.12	0.12	0.12	-
Total	0.47	1.77	1.77	1.32	1.82	1.52

- **Depreciation:** The Management of SAL has projected depreciation on Property, Plant & Equipment and Intangible assets based on the Straight Line Method (SLM) of depreciation for the projected period.
- **Contingent Liabilities :** Based on our discussions with the Management of SAL and analysis of FY2021 annual report, there are contingent liabilities amounting to INR 7,017,513 on account of VAT/CST demand. The probability of materialization of contingent liabilities has been assumed at 50.00%.

EQUITY VALUATION

9

SCENARIO I

EQUITY VALUATION – SCENARIO I



Fair Value of Equity Shares of SAL

Scenario I: SAL on a standalone basis on “as is where is” basis under an assumption that SAL, ADSL and AIA shall continue to own their respective WE service centers

We have applied the Discounted Cashflows (DCF) method under the Income approach as the financial projections of SAL for the period FY2022 to FY2027 were made available by the Management of SAL.

Since any comparable companies listed in India and comparable transactions for SAL could not be identified, we have not used the Comparable Companies Multiple (CCM) Method and the Comparable Transaction Multiple (CTM) Method under the Market approach.

Key Assumptions

- **Terminal Growth Rate:** We have assumed a terminal growth rate of 4% to derive the terminal value using the Gordon Growth Model.
- **Weighted Average Cost of Capital (“WACC”):**
 - The Weighted average cost of capital (“WACC”) represents the return attributable to all the stakeholders of the business i.e. both equity and debt. We have used Capital Asset Pricing Model (“CAPM”) for estimation of Cost of Equity and 9.00% as Pre-tax Cost of Debt as on the valuation date.
 - Since listed companies globally similar in operations to SAL have limited share market trading history, hence we have considered companies listed in India operating in the auto ancillary sector for the purpose of beta computation. We have shortlisted those companies whose market data and beta computation were observed to be statistically meaningful. The shortlisted companies have a diversified portfolio of auto component products and are mainly focused on passenger vehicle segment. We have eliminated those companies which deal in single category products from our analysis. Further, we have included Asahi India Glass Limited for the purpose of beta computation.
 - We have assumed that the cash flows to accrue to SAL uniformly through the year and have thus considered a mid-period discounting factor for this analysis.
 - We have used the median capital structure of the comparable listed companies globally i.e. 83% equity and 17% debt, as weights for computation of WACC for SAL.
 - Furthermore, we applied a company specific risk premium of 2.0% to account for smaller size of SAL as compared to the shortlisted companies, risks associated with the financial projections and other company specific risk factors.

EQUITY VALUATION – SCENARIO I



Fair Value of Equity Shares of SAL

We have given 100% weightage to the equity value computed as per the Discounted Cashflows Method under the Income Approach.

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.03
Present Value of Terminal Value	47.18
Operating Enterprise Value (EV)	57.21
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	56.86
Less: Debt	8.41
Add: Cash & Bank Balance	0.36
Equity Value	48.81

EQUITY VALUATION – SCENARIO I



Shield AutoGlass Limited - Discounted Cash Flow Approach

WACC	15.30%
Terminal Growth	4.00%
Valuation Date	30-Sep-21

Particulars	6 Months						INR Crore
	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	TY
Revenue	16.34	38.89	50.22	63.83	79.32	95.41	99.22
YoY Increase			29%	27%	24%	20%	
EBITDA	1.08	2.68	4.19	7.34	11.52	15.03	15.63
EBITDA Margin	7%	7%	8%	11%	15%	16%	16%
EBIT	0.67	1.56	2.83	6.19	10.58	13.87	14.42

Free Cash Flow to Firm (FCFF):

Particulars	6 Months						INR Crore
	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	TY
Period in Months	6	12	12	12	12	12	
Revenues	16.34	38.89	50.22	63.83	79.32	95.41	99.22
EBIT	0.67	1.56	2.83	6.19	10.58	13.87	14.42
Less Tax	-	-	-	(1.57)	(2.64)	(3.49)	(3.63)
EBIT after Tax	0.67	1.56	2.83	4.61	7.94	10.38	10.79
Add: Depreciation	0.41	1.12	1.36	1.15	0.94	1.16	1.21
Less: Capital Expenditure	(0.47)	(1.65)	(1.65)	(1.20)	(1.70)	(1.52)	(1.21)
Add/Less: Changes in Working Capital	2.02	(8.23)	(0.89)	0.44	0.53	(0.08)	0.07
Free Cash flows	2.63	-7.20	1.64	5.00	7.71	9.94	10.87
Time to Midpoint	0.25	1.00	2.00	3.00	4.00	5.00	5.00
Discount Rate	0.97	0.87	0.75	0.65	0.57	0.49	0.49
Discounted Cash Flow	2.54	-6.24	1.24	3.26	4.36	4.88	5.33

EQUITY VALUATION – SCENARIO I



Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.03
Present Value of Terminal Value	47.18
Operating Enterprise Value (EV)	57.21
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	56.86
Less: Debt	8.41
Add: Cash & Bank Balance	0.36
Equity Value	48.81

Sensitivity Analysis

	in INR Crore	Enterprise Value	Equity Value
Discount Rate	14.30%	64.18	56.13
	14.80%	60.34	52.29
	15.30%	56.86	48.81
	15.80%	53.69	45.63
	16.30%	50.78	42.73

EQUITY VALUATION – SCENARIO I



Shield AutoGlass Limited – Working Capital

Particulars (INR Crore)	30-Sep-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	TY
		FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Trade payables	16.12	17.90	9.35	9.46	11.24	12.98	15.01	15.61
Other financial liabilities	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-
Provisions	0.56	0.55	0.66	0.81	0.96	1.13	1.30	1.36
Current Liabilities	16.68	18.44	10.01	10.26	12.20	14.10	16.31	16.97
Inventories	2.94	3.25	2.81	2.96	3.05	3.19	3.54	3.68
Trade receivables	2.34	2.63	2.11	2.23	2.70	2.90	3.71	3.86
Loans & Advances	3.37	2.51	3.26	4.14	5.09	6.10	7.24	7.53
Current Assets	8.65	8.39	8.18	9.33	10.84	12.20	14.49	15.07
Working Capital	(8.03)	(10.05)	(1.82)	(0.93)	(1.37)	(1.90)	(1.83)	(1.90)
Change in WC		2.02	(8.23)	(0.89)	0.44	0.53	(0.08)	0.07

EQUITY VALUATION – SCENARIO I



Shield AutoGlass Limited – Weighted Average Cost of Capital

Valuation as on **30-Sep-21**

Company Name	Country	Currency	5 years Beta	Unlevered Beta
Minda Industries Limited	India	INR	1.23	1.11
Bosch Limited	India	INR	0.86	0.86
JBM Auto Limited	India	INR	1.49	0.99
Asahi India Glass Limited	India	INR	1.05	0.85
Minda Corporation Limited	India	INR	1.30	1.06
Endurance Technologies Limited	India	INR	1.13	1.08
Dynumatic Technologies Limited	India	INR	1.61	0.90
Lumax Industries Limited	India	INR	1.27	1.07
Rane Holdings Limited	India	INR	1.52	1.01
Wheels India Limited	India	INR	1.18	0.87
Steel Strips Wheels Limited	India	INR	1.39	0.79
Rico Auto Industries Limited	India	INR	1.58	0.98
Federal-Mogul Goetze (India) Limited	India	INR	1.02	1.01
Sundaram-Clayton Limited	India	INR	0.96	0.36
G N A Axles Limited	India	INR	1.29	1.04
Exide Industries Limited	India	INR	0.85	0.84
Alicon Castalloy Limited	India	INR	1.58	1.05
Mean			1.27	0.93
Median			1.39	0.99

Source: Capital IQ

EQUITY VALUATION – SCENARIO I



Shield AutoGlass Limited – Weighted Average Cost of Capital

Valuation as on **30-Sep-21**

Company Name	Country	Currency	6 months VWAP Market Cap	Total Debt as of the latest available financials for Valuation date	Avg. Debt Equity Ratio
Boyd Group Services Inc.	Canada	CAD	291,446	68,841.8	0.20
Cary Group Holding AB (publ)	Sweden	SEK	97,183	11,437.7	0.12
Driven Brands Holdings Inc.	United States	USD	356,307	191,989.2	0.52
Mean					0.28
Median					0.20

Source: Capital IQ

Industry	Median
Unlevered Beta - Industry	Median 0.99
Relevered Beta	Industry 1.19
Cost of Equity (Ke)	30-Sep-21
Risk Free Rate (Rfr)	6.63%
Equity Risk Premium	7.00%
Levered Beta	1.19
Company Specific Risk	2.00%
Cost of Equity (Ke)	16.96%
Cost of Debt (Kd)	
Pre Tax - Cost of Debt (Kd)	9.00%
Effective tax rate	18.38%
Post Tax - Cost of Debt (Kd)	7.35%
Debt / Equity	Industry 0.20
Nominal WACC	15.35%
WACC (Rounded-off)	15.30%

SCENARIO II

EQUITY VALUATION – SCENARIO II



Fair Valuation of Equity Shares of SAL

Scenario II: Consolidation of WE business under SAL - As of the Valuation Date, it has been assumed that 11 service centers which are owned and operated by AIS Distribution Services Ltd. (ADSL) and 5 service centers which are owned and operated by AIS Adhesives Limited (AIA) have been transferred to SAL. The Management of SAL has confirmed that the purchase consideration for the transfer of the service centers from ADSL and AIA to SAL is nil and the same has been adopted for the valuation analysis.

We have applied the Discounted Cashflows (DCF) method under the Income approach as the financial projections of SAL for the period FY2022 to FY2027 were made available by the Management of SAL.

Since any comparable companies listed in India and comparable transactions for SAL could not be identified, we have not used the Comparable Companies Multiple (CCM) Method and the Comparable Transaction Multiple (CTM) Method under the Market approach.

Key Assumptions

- **Terminal Growth Rate:** We have assumed a terminal growth rate of 4% to derive the terminal value using the Gordon Growth Model.
- **Weighted Average Cost of Capital (“WACC”):**
 - The Weighted average cost of capital (“WACC”) represents the return attributable to all the stakeholders of the business i.e. both equity and debt. We have used Capital Asset Pricing Model (“CAPM”) for estimation of Cost of Equity and 9.00% as Pre-tax Cost of Debt as on the valuation date.
 - Since listed companies globally similar in operations to SAL have limited share market trading history, hence we have considered companies listed in India operating in the auto ancillary sector for the purpose of beta computation. We have shortlisted those companies whose market data and beta computation were observed to be statistically meaningful. The shortlisted companies have a diversified portfolio of auto component products and are mainly focused on passenger vehicle segment. We have eliminated those companies which deal in single category products from our analysis. Further, we have included Asahi India Glass Limited for the purpose of beta computation.
 - We have assumed that the cash flows to accrue to SAL uniformly through the year and have thus considered a mid-period discounting factor for this analysis.
 - We have used the median capital structure of the comparable listed companies globally i.e. 83% equity and 17% debt, as weights for computation of WACC for SAL. Furthermore, we applied a company specific risk premium of 2.0% to account for smaller size of SAL as compared to the shortlisted companies, risks associated with the financial projections and other company specific risk factors.

EQUITY VALUATION – SCENARIO II



Fair Value of Equity Shares of SAL

We have given 100% weightage to the equity value computed as per the Discounted Cashflows Method under the Income Approach.

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.29
Present Value of Terminal Value	50.34
Operating Enterprise Value (EV)	60.64
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	60.29
Less: Debt	8.41
Add: Cash & Bank Balance	0.55
Equity Value	52.42

- The Management of SAL has assumed that 11 service centers which are owned and operated by AIS Distribution Services Limited and 5 service centers which are owned and operated by AIS Adhesives Limited have been transferred to SAL as of the Valuation Date. **The Management of SAL has confirmed that the purchase consideration for the transfer of the service centers from ADSL and AIA to SAL is nil and the same has been adopted for the valuation analysis.**

EQUITY VALUATION – SCENARIO II



Shield AutoGlass Limited - Discounted Cash Flow Approach

WACC	15.30%
Terminal Growth	4.00%
Valuation Date	30-Sep-21

Particulars	6 Months						INR Crore
	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	TY
Revenue	21.17	50.08	62.74	77.62	95.06	113.20	117.73
YoY Increase			25%	24%	22%	19%	
EBITDA	1.25	3.22	5.19	8.54	12.26	15.94	16.58
EBITDA Margin	6%	6%	8%	11%	13%	14%	14%

Free Cash Flow to Firm (FCFF):

Particulars	INR Crore						
	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	TY
Period in Months	6	12	12	12	12	12	
Revenues	21.17	50.08	62.74	77.62	95.06	113.20	117.73
EBIT	0.94	2.09	3.83	7.39	11.32	14.78	15.37
Less Tax	-	-	(0.36)	(1.93)	(2.82)	(3.70)	(3.87)
EBIT after Tax	0.94	2.09	3.47	5.46	8.50	11.08	11.50
Add: Depreciation	0.31	1.12	1.36	1.15	0.94	1.16	1.21
Less: Capital Expenditure	(0.47)	(1.77)	(1.77)	(1.32)	(1.82)	(1.52)	(1.21)
Add/Less: Changes in Working Capital	2.77	(10.94)	(1.24)	0.53	0.75	(0.10)	0.09
Free Cash flows	3.54	(9.50)	1.81	5.82	8.38	10.62	11.59
Time to Midpoint	0.25	1.00	2.00	3.00	4.00	5.00	5.00
Discount Rate	0.97	0.87	0.75	0.65	0.57	0.49	0.49
Discounted Cash Flow	3.42	(8.24)	1.36	3.80	4.74	5.21	5.69

EQUITY VALUATION – SCENARIO II



Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.29
Present Value of Terminal Value	50.34
Operating Enterprise Value (EV)	60.64
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	60.29
Less: Debt	8.41
Add: Cash & Bank Balance	0.55
Equity Value	52.42

Sensitivity Analysis

	in INR Crore	Enterprise Value	Equity Value
Discount Rate	14.30%	68.09	60.23
	14.80%	64.00	56.14
	15.30%	60.29	52.42
	15.80%	56.90	49.03
	16.30%	53.80	45.94

EQUITY VALUATION – SCENARIO II



Shield AutoGlass Limited – Working Capital

Particulars (INR Crore)	30-Sep-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	TY
		FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Trade payables	21.03	23.60	12.22	11.90	13.81	15.92	18.23	18.96
Other financial liabilities	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-
Provisions	0.71	0.68	0.82	0.98	1.16	1.35	1.55	1.61
Current Liabilities	21.74	24.27	13.04	12.89	14.97	17.27	19.78	20.57
Inventories	3.82	4.30	3.72	3.78	3.80	3.92	4.30	4.47
Trade receivables	3.01	3.39	2.72	2.79	3.28	3.48	4.40	4.58
Loans & Advances	4.36	3.26	4.22	5.18	6.22	7.45	8.76	9.11
Current Assets	11.19	10.95	10.66	11.75	13.30	14.85	17.46	18.16
Working Capital	(10.56)	(13.32)	(2.38)	(1.13)	(1.67)	(2.42)	(2.32)	(2.42)
Change in WC		2.77	(10.94)	(1.24)	0.53	0.75	(0.10)	0.09

EQUITY VALUATION – SCENARIO II



Shield AutoGlass Limited – Weighted Average Cost of Capital

Valuation as on **30-Sep-21**

Company Name	Country	Currency	5 years Beta	Unlevered Beta
Minda Industries Limited	India	INR	1.23	1.11
Bosch Limited	India	INR	0.86	0.86
JBM Auto Limited	India	INR	1.49	0.99
Asahi India Glass Limited	India	INR	1.05	0.85
Minda Corporation Limited	India	INR	1.30	1.06
Endurance Technologies Limited	India	INR	1.13	1.08
Dynumatic Technologies Limited	India	INR	1.61	0.90
Lumax Industries Limited	India	INR	1.27	1.07
Rane Holdings Limited	India	INR	1.52	1.01
Wheels India Limited	India	INR	1.18	0.87
Steel Strips Wheels Limited	India	INR	1.39	0.79
Rico Auto Industries Limited	India	INR	1.58	0.98
Federal-Mogul Goetze (India) Limited	India	INR	1.02	1.01
Sundaram-Clayton Limited	India	INR	0.96	0.36
G N A Axles Limited	India	INR	1.29	1.04
Exide Industries Limited	India	INR	0.85	0.84
Alicon Castalloy Limited	India	INR	1.58	1.05
Mean			1.27	0.93
Median			1.39	0.99

Source: Capital IQ

EQUITY VALUATION – SCENARIO II



Shield AutoGlass Limited – Weighted Average Cost of Capital

Valuation as on **30-Sep-21**

Company Name	Country	Currency	6 months VWAP Market Cap	Total Debt as of the latest available financials for Valuation date	Avg. Debt Equity Ratio
Boyd Group Services Inc.	Canada	CAD	291,446	68,841.8	0.20
Cary Group Holding AB (publ)	Sweden	SEK	97,183	11,437.7	0.12
Driven Brands Holdings Inc.	United States	USD	356,307	191,989.2	0.52
Mean					0.28
Median					0.20

Source: Capital IQ

Industry	Median
Unlevered Beta - Industry	0.99
Relevered Beta	1.19
Cost of Equity (Ke)	30-Sep-21
Risk Free Rate (Rfr)	6.63%
Equity Risk Premium	7.00%
Levered Beta	1.19
Company Specific Risk	2.00%
Cost of Equity (Ke)	16.96%
Cost of Debt (Kd)	
Pre Tax - Cost of Debt (Kd)	9.00%
Effective tax rate	18.38%
Post Tax - Cost of Debt (Kd)	7.35%
Debt / Equity	Industry 0.20
Nominal WACC	15.35%
WACC (Rounded-off)	15.30%

VALUATION CONCLUSION

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SCENARIO I

VALUATION CONCLUSION – SCENARIO I

Fair Value of Equity Shares of SAL: We have given 100% weightage to the equity value computed as per Discounted Cashflows Method under the Income Approach.

Scenario I: SAL on a standalone basis on “as is where is” basis under an assumption that SAL, ADSL and AIA shall continue to own their respective WE service centers

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.03
Present Value of Terminal Value	47.18
Operating Enterprise Value (EV)	57.21
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	56.86
Less: Debt	8.41
Add: Cash & Bank Balance	0.36
Equity Value	48.81

SCENARIO II

VALUATION CONCLUSION – SCENARIO II

Fair Value of Equity Shares of SAL: We have given 100% weightage to the equity value computed as per Discounted Cashflows Method under the Income Approach.

Scenario II: Consolidation of WE business under SAL - The Management of SAL has assumed that 11 service centers which are owned and operated by AIS Distribution Services Limited and 5 service centers which are owned and operated by AIS Adhesives Limited have been transferred to SAL as of the Valuation Date. **The Management of SAL has confirmed that the purchase consideration for the transfer of the service centers from ADSL and AIA to SAL is nil and the same has been adopted for the valuation analysis.**

Particulars	Amount (in INR Crore)
Present Value of Explicit Period	10.29
Present Value of Terminal Value	50.34
Operating Enterprise Value (EV)	60.64
Less: Contingent Liabilities	0.35
Add/(Less): Surplus Assets/Liabilities	-
Business Enterprise Value (EV)	60.29
Less: Debt	8.41
Add: Cash & Bank Balance	0.55
Equity Value	52.42

VALUATION CONCLUSION

Fair Value of Equity Shares of the Company as of 30th September 2021

- We have applied Discounted Cash Flows (DCF) Method under the Income Approach for the Fair Valuation of Equity Shares of the Company as of 30th September 2021.

Valuation Summary (as of 30th September 2021):

Particulars	Enterprise Value (INR Crore)	Equity Value (INR Crore)	WACC (%)
Scenario I	56.86	48.81	15.30%
Scenario II	60.29	52.42	15.30%

Based on the analysis of the information provided by the Management of SAL as well as the factors discussed and outlined in this Report, the Fair Value of Equity Shares of SAL as of 30th September 2021 under Scenario I and Scenario II is estimated at INR 48.81 crore and INR 52.42 crore, respectively.

SCOPE, LIMITATIONS, ASSUMPTIONS AND DISCLAIMER

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SCOPE, LIMITATIONS AND ASSUMPTIONS



- a) RBSA Valuation Advisors LLP has been appointed by the Management of AIS to carry out the Fair Valuation of Equity Shares of the Company as on 30th September 2021.
- b) RBSA has carried out a review of the financial and other information provided by the Management of SAL for the valuation analysis.
- c) Our work did not constitute an audit of the financial statements and accordingly, we do not express any opinion on the truth and fairness of the financial position as indicated in this Report. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management of SAL, it may have a material effect on our findings.
- d) For the purpose of this engagement and report, we have made no investigation of, and assume no responsibility for the title to assets or liabilities against the Company. Our conclusion of value assumes that the title to the assets and liabilities of the Company as on the Valuation Date remains intact as at the date of this Report.
- e) Our valuation is primarily from a business perspective and does not take into account various legal and other corporate structures beyond the limited information provided to us by the Management of SAL. The Valuation recommendation is not intended to represent the value at any time other than the Valuation Date that is specifically stated in the Report.
- f) For our analysis, we have relied on primary and secondary sources of data, whether or not made available by the Management of SAL. We have not independently verified the accuracy or timeliness of the same.
- g) This Report is prepared on the basis of the sources of information listed in this Report.
- h) Our assessment does not include:
 - I. any due diligence or audit or verification of the accuracy and completeness of documents and information made available to us by the Management of SAL
 - II. provision of technical, commercial, legal, tax and regulatory due diligence services
- i) We have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was either provided to us by the Management of SAL or publicly available or otherwise made available to us, and we do not assume any responsibility for independent verification of any such information which formed a substantial basis for the valuation exercise set out herein.

SCOPE, LIMITATIONS AND ASSUMPTIONS



- j) In performing the Valuation set forth herein, we have made certain assumptions with respect to industry performance and general business and economic conditions as prevalent on the Valuation Date and does not consider any unforeseeable developments which could impact the same in future.
- k) We have assumed and relied upon the following facts:
 - i. that there has been no material change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company since the date of the most recent financial statements provided to us, and that there is no information or any facts that would make any of the information received by us incomplete or misleading; and
 - ii. that the Company holds full legal title to each of the assets.
- l) **The permitted users of the Report are Asahi India Glass Limited and Shield Autoglass Limited only.** It is inappropriate to use this Report for any purpose other than the purpose mentioned above. We are not responsible for the unauthorized use of this Report. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. Unless required by law, it shall not be provided to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the Report is disclosed or otherwise made available.
- m) Possession of this Report or any copy thereof does not carry with it right of publication. No portion of this Report shall be disseminated to third parties through prospectus, advertising, public relations, news or any other means of communication without the written consent and approval of RBSA.
- n) We have provided a draft copy / workings of this Report to the Client, who have confirmed to the best of their knowledge and belief that the factual information contained within this document is correct and that there are no material omissions. We reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this Report comes to light that has a material impact on the conclusions herein.

DISCLAIMER



- a) RBSA has carried out analysis of the financial and other information provided by/ on behalf of the Management of SAL and other pertinent information available either in public domain or subscribed databases. Such information has been relied upon by RBSA for the Valuation of the Company.
- b) Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement and exercise of judicious discretion taking into account all relevant factors. There is, therefore, no indisputable single value. While we normally express our assessment as falling within a likely range, as per requirement of this Engagement, we are providing a single value. While we have provided our opinion on valuation based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.
- c) Our valuation is inter-alia based on the market, financial and other information provided by/ on behalf of the Management of SAL. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, our valuation procedures does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. Accordingly, we do not express an opinion or offer any form of assurance regarding the financial and other information provided by the Management of SAL.
- d) We have relied upon the Company to provide us with financial and other pertinent information that give a true and fair view of the financial performance and financial position of the Company as on the Valuation Date and which may be reasonably expected to have an impact on the Valuation. The Client and the Company had indicated to us that they have understood that any omissions, inaccuracies or misstatements in the information provided to us, it may materially affect our valuation/ conclusion.
- e) While the information available in public domain and subscribed databases (including industry and statistical information) was obtained from sources we believe are reliable, RBSA makes no representation as to the accuracy or completeness thereof, and we have relied upon such public information without further verification.
- f) Valuation Report may contain and/ or are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as our predictions or as our assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibility for the achievement of the predicted results.

DISCLAIMER



- g) The value achieved, in case of a transaction, may be different than our Valuation depending upon the circumstances and timing of the transaction, if any. The final transaction price is something on which the parties themselves have to agree. Our Report and the opinion/ valuation analysis contained herein is not, nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.
- h) The Report assumes that the Company comply /complied fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated and will be managed in a competent and responsible manner. Further, except 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 litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheet of the Company. We have made no investigation of, and assume no responsibility for the title to assets or liabilities against the Company. Our conclusion of value assumes that the title to the assets and liabilities of the Company reflected in the financial statements as on the Valuation Date remains intact as at the date of this Report. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts.
- i) A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. RBSA is under no obligation to update, revise or reaffirm the valuation for events or transactions relating to the Company or changes in the market and economy trends and valuation parameters occurring subsequent to the Valuation Date.
- j) Our valuation is primarily from a business perspective and does not take into account various legal and other corporate structures beyond the limited information provided to us by the Management of SAL. The Valuation recommendation is not intended to represent the value at any time other than the Valuation Date that is specifically stated in this Report.
- k) Our services are not designed to and are not likely to reveal fraud or misrepresentation by the Client and the Company or by external parties. Accordingly, we cannot accept responsibility for detecting fraud (whether by the Client or the Company or by external parties) or misrepresentation by the Client or any other person. While performing this assignment, we have assumed the genuineness of all signatures and the authenticity of all documents and/ or copies of documents shown to us. We have also relied upon the veracity of the representations made, and the information provided to us by/ on behalf of the Management of SAL. 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 and the Company, their directors, employees or agents. In no circumstances shall the liability of RBSA, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report will exceed the amount paid to RBSA in respect of the fees charged by it for this engagement.

DISCLAIMER



- l) The Management of SAL has not provided the balance of non operating assets and liabilities of the Company as on the Valuation Date. Basis our discussion with the Management, there is no material difference in the balances as on 31st March 2021 and the Valuation Date, and therefore, we have considered 31st March 2021 balances for valuation purposes.
- m) **The permitted users of the Report are Asahi India Glass Limited and Shield Autoglass Limited only.** Our Report can be used by the Client and the Company only for the purpose, as indicated in this Report, for which we have been appointed and cannot be used or relied by the Client and the Company for any other purpose or by any other party for any purpose whatsoever. We are not responsible for the unauthorized use of this Report. We are not responsible to any other person for any decision of such person based on this Report. Any person intending to provide finance / invest / divest in the shares / business of the Company or other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person (other than the Client and the Company) choose to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to RBSA. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement specifically pronounced in the Report to do so. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the Report is disclosed or otherwise made available.
- n) A copy of our Report may be provided to your statutory auditors only for information purpose in connection with their statutory audit and is not a substitute for their own independent audit procedures. We will not accept any responsibilities to any third party (including your statutory auditors) to whom the Report is shown or who may acquire a copy of this Report.
- o) This Report forms an integral whole and cannot be split in parts. The outcome of the Valuation can only lead to proper conclusions if the Report as a whole is taken into account.
- p) Neither RBSA nor any of its partners have any material interest in the Client. We are independent of the Client. Our fees is not contingent upon the results/ value conclusion of the engagement. This Report is subject to laws of India.

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