CA ROHIT MALOO

Registered Valuer
(Securities or Financial Assets)
Reg. No. IBBI/RV/06/2019/11827

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Email: rohit@ormaloo.com
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To,
The Board of Directors
Containerway International Limited
CIN L60210WB1985PLC038478
6th Floor, Room No 608,
Saltee Plaza, Cabin No M-11,
Near ILS Hospital, Mall Road,
Kolkata, West Bengal, 700080.

SUB: VALUATION REPORT PURSUANT TO REGULATION 166A(1) & 165 OF SEBI (ICDR) REGULATIONS, 2018

We refer to our engagement vide Audit Committee Resolution dated 29th May 2024 wherein Containerway International Limited ("Company") has requested undersigned CA Rohit Maloo ("Registered Valuer") to evaluate the Issue price as per Regulation 165 of SEBI (ICDR) Regulations, 2018 (read with other applicable regulations) for the proposed issuance of 48,50,000 equity shares having face value ₹ 5 each ("Equity Shares") on a preferential basis and issuance of 36,13,882 Equity Warrants having face value ₹ 5 each ("Warrants") on a preferential basis.

We hereby enclose the Report on Valuation for the evaluation of Issue Price for the proposed issuance of 48,50,000 equity shares and 36,13,882 Equity Warrants in compliance with Regulation 166A(1) and 165 of SEBI (ICDR) Regulations, 2018.

Based on the Scope and limitations of work, Sources of information and Valuation methodology of the report and the explanations therein, the Issue Price for the proposed issue 48,50,000 equity shares and 36,13,882 Equity Warrants on preferential basis amounts to Rs. 20/- per share calculated as per Regulation 165 of SEBI (ICDR) Regulations, 2018.

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UDIN: 24130526BKADJE1001

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EXECUTIVE SUMMARY

CONTAINERWAY INTERNATIONAL LIMITED, "CIL" "company" bearing CIN L60210WB1985PLC038478 was incorporated on 01/02/1985 in the State of Kolkata pursuant to the provisions of the Companies Act, 1956.

The present registered office of the company is situated at 6th Floor, Room No 608, Saltee Plaza, Cabin No M-11, Near ILS Hospital, Kolkata, Mall Road, Kolkata, Kolkata, West Bengal, India, 700080.

The management of Company envisage to start the business of aluminium trading.

The Authorized Share Capital of the Company is Rs. 6,75,00,000 comprising 69,00,000 Equity shares of Rs. 5 each and 33,00,000 0.01% Non-Convertible Redeemable Preference Shares of Rs.10 each. The Paid-up Share Capital of the Company is Rs. 6,56,86,000 comprising 65,37,200 Equity shares of Rs. 5 each and 33,00,000 0.01% Non-Convertible Redeemable Preference Shares of Rs. 10 each.

The Equity Shares of the Company are listed on BSE Limited, Mumbai having a scrip code as 540597 and CSE, Kolkata having a scrip code as 013081 and ISIN as INE319U01022.

1. INTRODUCTION

SCOPE AND PURPOSE

1.1. CA Rohit Maloo, has been engaged and appointed by the management to recommend the fair value of the equity shares of the company, listed on the BSE Limited ("BSE"). Price is to be determined in compliance with Regulation 166A(1) and 165 of SEBI (ICDR) Regulations, 2018.

1.2. As informed by the Management, I understand that CIL is proposing further issuance of 48,50,000 equity shares and 36,13,882 Equity Warrants.

1.3. Accordingly, I have been appointed to recommend fair value in compliance with Regulation 166A(1) and 165 of SEBI (ICDR) Regulations, 2018

1.4. This report summarizes the valuation exercise of CIL.

1.5. Our investigation included a detailed review and analysis of the available information, including historical financial statements.

1.6. The finding, observations, limitations, opinions and conclusions of this exercise is being presented hereunder in the form of report.

1.7. We are not responsible for unauthorized use of this report.

1.8. The report shall be utilized for the purpose specifically mentioned in this report and not the otherwise.

SOURCE OF INFORMATION

1.9. In the course of our valuation, we have relied upon information provided to us by CIL's management; a review of financial statement, and other relevant documents; and through outside research.

1.10. We have not attempted to confirm whether all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

1.11. We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity

CA ROHIT MALOO Securities or Financial Assets Reg. No. IBBI/RV/06/2019/11827 Registered Valuer of the Company through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

1.12. Such other information, data, representation as is necessary to carry our scope of service.

1.13. The analysis is also based on the information relating to the industry as available in the public domain. The analysis also includes websites like www.mca.gov.in, www.google.co.in, www.bseindia.com.

LIMITATION, ASSUMPTION, EXCLUSION

1.14. This document has been prepared solely for the management of CIL for the purposes stated herein and should not be relied upon for any other purpose.

1.15. Our report is subject to the 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 therein.

1.16. The purpose of valuation is deriving the fair value of equity shares of the Company. 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.

1.17. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit, or a detailed financial review of CIL.

1.18. The Historical financial information about the company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report, and it should not be used by anyone to obtain credit or for any other unintended purpose.

1.19. The financial information about the company presented in this report are included solely for the purpose to arrive at value conclusions presented in this report.

1.20. We have provided a draft copy of this report to CIL management, who have confirmed to the best of their knowledge and belief that the information contained within this document is correct and that there are no material omissions.

1.21. We reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this report come to light that has a material impact on the conclusions herein. However, we have no responsibility to modify this report for events and circumstances occurring after the date of this report.

1.22. We have, however, used conceptually sound and generally accepted methods, principles, and procedures of valuation in determining the value estimate included in this report.

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2. DESCRIPTION OF CIL

2.1. CONTAINERWAY INTERNATIONAL LTD was incorporated on 01/02/1985.

2.2. The registered office of the company is located at 6th Floor, Room No 608, Saltee Plaza, Cabin No M-11, Near ILS Hospital, Kolkata, Mall Road, Kolkata, Kolkata, West Bengal, India, 700080.

2.3. The Address at which the books of account are to be maintained of the company is situated at Deora House-Rashmi Cooperative Society, Near Mithakali six roads, Navrangpura, Ahmedabad City, Gujarat, India, 380009.

2.4. The Company is not engaged in any kind of trading or manufacturing activity as of till date.

2.5. The Authorized Share Capital of the Company is Rs. 6,75,00,000 comprising 69,00,000 Equity shares of Rs. 5 each and 33,00,000 0.01% Non-Convertible Redeemable Preference Shares of Rs.10 each.

2.6. The Paid-up Share Capital of the Company is Rs. 6,56,86,000 comprising 65,37,200 Equity shares of Rs. 5 each and 33,00,000 0.01% Non-Convertible Redeemable Preference Shares of Rs. 10 each.

2.7. The Equity Shares of the Company are listed on BSE Limited, Mumbai having a scrip code as 540597 and CSE, Kolkata having a scrip code as 13081 and ISIN as INE319U01022.

2.8. The company's management team / KMPs comprises of following:

Sr. No	DIN/PAN	Name	Designation
1	01151727	SALEM LAKSHMANAN GANAPATHI	Director
2	01010427	SANJAY VIMALCHAND DEORA	Additional Director
3	01417446	SANKET SANJAY DEORA	Additional Director
4	10297697	ILA SUNIL TRIVEDI	Additional Director
5	07333591	SONU GUPTA	Additional Director

2.9. Since, the Company has not carried out any business activities since its incorporation, the revenue from operation for these years is NIL.

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3. VALUATION APPROACH

The present valuation exercise is being undertaken in order to derive the value per equity share in accordance with Regulation 166A(1) and 165 of SEBI (ICDR) Regulations, 2018.

4. FAIR-VALUE MEASUREMENT METHODOLOGY

4.1. Upon reviewing the information available on the BSE website / CSE website and the documents presented to us, we are of the opinion that the shares of CIL have been irregularly traded on the BSE until 24th May, 2024. Detailed calculations supporting this conclusion have been provided here for your reference

4.2. As per Issue of Capital and Disclosure Requirements share can be classed as frequently traded on if the traded turnover on any recognised stock exchange during the [240 trading days] preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issue.

4.3. As CIL is listed on the BSE / CSE and as frequency of shares traded in BSE is more as compared to CSE, we have taken into consideration the following details for the applicability of Regulation 164(1) or 165 of the ICDR 2018

Cut-off Date: 24/05/2024		
Consideration Date :07/06/2023		
Date	**No. of shares traded**	**No. of shares listed on BSE**
From 07/06/2023 to 24/05/2024	5,62,432	65,37,200
	% of shares traded on BSE	8.60%

Considering the aforementioned analysis, it is evident that the shares of CIL are infrequently traded. Consequently, the valuation of the aforementioned shares can be conducted in accordance with Regulation 165 of the ICDR 2018

VALUATION STANDARDS

The Report has been prepared in compliance with the SEBI ICDR Regulations, 2018.

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VALUATION METHODOLOGY, APPROACH AND PROCEDURES ADOPTED IN CARRYING OUT THE VALUATION

PROCEDURE/ METHODOLOGY

The present valuation exercise is being undertaken in order to determine the fair value of equity shares of the company for proposed issuance of 48,50,000 equity shares and 36,13,882 Equity Warrants of the Company.

There are three generally accepted approaches to valuation:

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

Within these three basic approaches, several methods may be used to estimate the Value. An overview of these approaches is as follows:

COST APPROACH

The cost approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

NET ASSET VALUE METHOD

- The Net Asset Value ("NAV") method under cost approach, considers the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the value of the company.

- NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits

- This valuation approach is mainly used in cases where the asset base dominates earnings capability or going concern aspect of the entity is uncertain

BREAK UP VALUE METHOD

- Under the Break Up Value ("BV") method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) is deducted to arrive at the BV of the company.

- This Valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments. This may also be considered for arriving at the floor value of the companies.

MARKET APPROACH

MARKET PRICE METHOD

- Under this approach, the Market Price ("MP") of an equity share / preference share as quoted on a recognized stock exchange is normally considered as the fair value of the equity share / preference share respectively, of that company where such quotations are arising from the shares being regularly and freely traded.

- The market value generally reflects the investors' perception about the true worth of the company / instrument being traded

COMPARABLE COMPANIES MULTIPLE METHOD

- Under the Comparable Companies Multiple ("CCM") method, the value is determined on the basis of multiples derived from valuations of comparable companies listed on the stock exchanges. This is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporates all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- Value of the business so arrived at needs to be adjusted by the value of contingent assets/liabilities, surplus assets and dues payable to Preference Shareholders, if any, to arrive at the value for equity shareholders. However, this adjustment shall depend on the multiple being used for valuation.

COMPARABLE TRANSACTION MULTIPLE ANALYSIS

- Under the Comparable Transactions Multiple ("CTM") method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.

INCOME APPROACH

DISCOUNTED CASH FLOW METHOD ('DCF')

- Under the Discounted Cash Flow Method ("DCF") method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

- Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter.
- Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.
- Discount rate is the Weighted Average Cost of Capital ("WACC"), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity–debt risk and debt–equity ratio of the Company.
- The perpetuity (terminal) value is calculated either based on the business's potential for further growth beyond the explicit forecast period or exit multiple. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period. In case of "exit multiple", the underlying assumption is that the business will be valued on a market multiple basis at the end of last projected year.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.
- The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business.

VALUATION APPROACH CONSIDERED

RATIONALE FOR VALUATION APPROACHES METHODOLOGIES

It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made certain assumptions with respect to company performance and general business and economic conditions, many of which are beyond the control of the company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the company, and other factors which generally influence the valuation of company.

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Income Approach: Under Income approach, we have considered DCF method for valuation of the company, since the same captures the earning and growth potential of the company

Based on our comprehensive discussion with the company's management and a thorough analysis of the information provided, it is clear that the company lacks active business operations and does not possess a significant asset base. Consequently, an asset-based valuation approach is not suitable. Furthermore, according to the management, there are no comparable listed companies that can serve as peers for a market-based valuation. Given the absence of appropriate comparables, the market-based approach is also deemed inappropriate. Therefore, we have concluded that the Discounted Cash Flow (DCF) method is the most suitable approach for valuing the company's shares, as it takes into account the future cash flow potential and provides a more accurate reflection of the company's value.

VALUATION ANALYSIS

DISCOUNTED CASH FLOWS

- For Purpose of calculation of cost of equity, risk free rate of return has been taken as 10 Year Govt of India Zero coupon yields as on 31/03/2024 published on Financial Benchmarks India Private Limited.
- The beta of the company has been taken 1.00.
- The cost of equity has been determined based on CAPM methodology.
- As the company operates in a highly exclusive market, a company specific risk premium of 1% has been added to the cost of equity.
- The cost of debt is taken as 10.00%, which is the average rate of interest enjoyed by the company.
- The weighted average cost of capital has been calculated based on the target debt equity ratio of the company, which is 1:9.
- Further, the terminal growth rate is taken as 5%, which is the average growth in the industry in which the company operates and also represents average inflation growth.

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5. CONCLUSION

On the basis of the foregoing, in our opinion, the value per share of CIL in accordance with Regulation 165 of SEBI (ICDR) Regulations, 2018 (read with other applicable regulations) is Rs. 19.56 and rounded off to Rs. 20/-per share.

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6. ANNEXURES

ANNEXURE 1: DISCOUNTED CASH FLOW

Amount in Lakhs

Particulars	Provisional	Projections					Terminal Year
	2023-24 (P)	2024-25 (P)	2025-26 (P)	2026-27 (P)	2027-28 (P)	2028-29 (P)	2029-30 (P)
Sales	-	3,600.00	10,800.00	11,880.00	14,850.00	15,592.50	16,372.13
% Growth			200%	10%	25%	5%	5%
Profit Before Tax	(16.41)	101.94	306.63	338.14	1,141.07	1,198.32	1,231.40
% Margin		*2.83%*	*2.84%*	*2.85%*	*7.68%*	*7.69%*	*7.52%*
Add:							
Interest & Finance Charges	-	1.80	5.40	5.94	7.43	7.80	8.19
Depreciation	-	-	-	-	-	-	-
Less: Taxes	-	-	-	77.18	85.11	287.21	301.62
Gross Cash Flows	**(16.41)**	**103.74**	**312.03**	**266.90**	**1,063.38**	**918.91**	**937.97**
Less:							
Incremental Working Capital	(16.41)	1,289.63	571.48	166.98	258.31	396.66	458.89
Incremental Capital Expenditure	-	-	200.00	100.00	-	-	-
Issue of Share Capital	-	1,197.69	542.08	-	-	-	-
Free Cash Flows	**0.00**	**(1,185.89)**	**(459.45)**	**(0.08)**	**805.07**	**522.26**	**479.08**
Year	-	0.5	1.5	2.5	3.5	4.5	5.5
Discount Rate	1.00	0.93	0.81	0.70	0.60	0.52	0.45
Present Value of Discounted Free Cash Flow	0.00	(1,103.23)	(369.91)	(0.05)	485.48	272.56	216.38
Total Present Value	(498.78)						

Cost of Equity Financing	
Risk Free rate of return	7.44%
Beta Coefficient	1.00
Market equity risk premium	8.00%
Company specific risk premium	1.00%
Cost of Equity Financing	**16.44%**

Cost of WACC	31-Mar-24
Debt	377.70
Cost of Debt	10.00%
Cost of Debt after Tax	7.48%
Equity	1,959.71
Cost of Equity	16.44%
Weights	
Debt	10.00%
Equity	90.00%
WACC	**15.55%**

Terminal Value	
Cash Flow	216.38
WACC	15.55%
Growth	5.00%
Present Value of Terminal Value	**2,154.03**

Present Value of Explicit Period	**(498.78)**
Add: Terminal Period Value	2,154.03
Enterprise Value	**1,655.25**
Add/(Less) Adjustments	
Borrowing as at 31/03/2024	**377.70**
Cash & Cash Equivalent	**0.91**
Equity Value	**1,278.46**
Total no. of outstanding equity shares (having face value of Rs. 5)	65.37
Value Per Equity Share (DCF)	**19.56**

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