

April 06, 2022

To,
The Board of Directors
Shankara Building Products Limited
G2, Farah Winsford, #133, Infantry Road
Bengaluru - 560 001

Subject: Addendum to the Report on Fair Value and Floor Price for Preferential Allotment calculated in accordance with Regulation 164(1), 166A and other applicable provisions of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2018 and amended from time to time

Dear Members,

We refer to the engagement letter dated March 15, 2022 with Sundae Capital Advisors Private Limited (referred to as “Sundae” or “We”), wherein we have been requested by **Shankara Building Products Limited** (“Shankara” / “Company”) and our report dated March 23, 2022 (the “**Original Report**”) for determination of the fair value and floor price value for proposed preferential allotment of convertible warrants calculated in accordance with Regulation 164(1), 166A and other applicable provisions of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2018 (“SEBI ICDR Regulations”).

A. The “Scope and Purpose of this Report” on page 1 of the Original Report should be read as under:

“We have been appointed as an independent valuer to calculate the floor price of equity shares of Shankara in accordance with Regulation 164(1), 166A and other applicable provisions of the SEBI ICDR Regulations for the proposed issuance of Equity Shares.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions.”

B. We have been provided the projections by the Company for calculation of the fair value of the equity shares of the Company based on the Income Approach. The same was not disclosed earlier as the said information is unpublished price sensitive information. However as advised by the stock exchange we are providing the working of the calculation of Income approach as per Annexure A to this Addendum.

C. As per the advised of the stock exchange we hereby revise the calculation of market approach as per Annexure B and Annexure C to this report.

D. The note under “**Market Approach**”, as appearing on page no. 7 of the Original Report should be read as under:

“The market approach provides an indication of the fair value by comparing the asset under review to similar assets that were bought and sold in recent market transactions. A fair value estimate is generally derived from the transaction price for an asset or a number of similar assets for which observable market data is available.

As the equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited and there is regular transaction in the equity shares with reasonable volumes. The pricing regulations stated is considered for arriving the price as per market price method.

The volume of equity shares traded of Shankara are frequently traded on NSE & BSE in terms of Regulation 164(5) of ICDR Regulations, with maximum volume recorded on NSE. Therefore, we have considered the share prices quoted on NSE for determining the floor price of the Company.

Therefore, we have considered the share prices quoted on NSE for determining the floor price of the Company. The value per share of the Company as per Regulation 164(1) of the SEBI ICDR Regulations, is INR 724.38 (Rupees Seven Hundred Twenty Four and Paise Thirty Eight only) as below:

Particulars	Value per share	Annexure
VWAP of 90 trading days	633.46	B
VWAP of 10 trading days	724.38	C
Higher of the above	724.38	

The Management has informed us that there is no valuation methodology/formula prescribed in Articles of Association.”

E. The “**Conclusion**” in the Original Report should be read as under:

“The valuation of the equity shares of the Company using various approaches of valuation is as under:

Method / Approaches for valuation	Fair Value (in Rs. per share)
Income Approach (Annexure A to this Addendum)	: 310.63
Market Approach (Annexure B and C)	: 724.38
Asset Approach	: Method not considered for reason given in Original Report

This addendum report, Annexure B and Annexure C is to be read alongwith the Original Report issued by us on March 23, 2022.

Based on the above the floor price of the equity shares of Shankara Building Products Limited, in accordance with Regulation 164(1) and 166A of the SEBI ICDR Regulations is Rs. 724.38 (Rupees Seven Hundred and Twenty Four and Paise Thirty Eight Only).

This report should be read as an addendum to the Original Report issued by us on March 23, 2022 and shall form an integral part of the Original Report.”

We have no obligation to update this addendum or our conclusion of value for information that comes to our attention after the date of report.

for **Sundae Capital Advisors Private Limited**
(IBBI Regn. No IBBI/RV-E/03/2021/136)

NitiN Somani
Director
Registered Valuer (S&FA)
Reg. No. IBBI/RV/03/2020/13127

Annexure A

Rs in Crores 4%

Particulars	Q4 -21/3/22 to 31/3/22	FY-23	FY-24	FY-25	FY-26	FY-27	Perpetuity
EBIT	2.11	91.00	107.00	128.00	156.00	191.00	199.32
Less: Taxes @25%	0.53	22.75	26.75	32.00	39.00	47.75	49.83
PAT	1.58	68.25	80.25	96.00	117.00	143.25	149.49
Add: Depreciation & Amortisation	0.45	17.00	17.00	17.00	17.00	17.00	17.00
Capex	-0.51	-16.78	-20.00	-20.00	-20.00	-20.00	17.00
Change in Non Cash Working Capital	-2.04	-91.27	-46.12	-18.64	-61.70	-92.85	-49.79
FCFF	-0.52	-22.80	31.13	74.36	52.30	47.40	133.70
Terminal Value							1,310.78
Time Period	0.01	0.53	1.53	2.53	3.53	4.53	4.53
Discount Rate- Ke	14.20%	14.20%	14.20%	14.20%	14.20%	14.20%	14.20%
Discount Factor	1.00	0.93	0.82	0.71	0.63	0.55	0.55
Pv of cash flow for Equity	-0.52	-21.26	25.42	53.16	32.74	25.98	718.54

Sum of Discounted Cash flows	834.06
Add: Cash and Cash equivalents	10.20
Less- Borrowings	-134.50
Equity Value (INR Crores)	709.76
Equity Value (INR)	7,09,75,97,815.40
Total Shares outstanding on fully diluted basis	2,28,49,236.00
Value per Share (INR)- Rounded Off	310.63

Calculation of Cost of Equity

Particulars	
Risk-Free Rate (Rf)	7.1%
Equity Risk Premium (Rp)	8.6%
Relevered Beta (B)	0.76
Cost of Equity (A) = (Rf + Rp*(B))	13.61%
Company specific risk premium (C	2.0%
Cost of Equity (D) = ((A)+(C)) - Round	15.61%

Calculation of Cost of Debt

Particulars	
Cost of Debt (A)	8.0%
Effective Tax Rate (t)	25.0%
Cost of Debt (net of tax) (B) = (A) * (1 - t)	6.0%

Calculation of WACC

Particulars	Cost (%)	Weights	Weighted Cost
Debt	6.0%	15%	0.9%
Equity	15.6%	85%	13.2%
WACC - Rounded off			14.2%

Computation of Market rate of return

Particulars	
Base Date (Indices :S&P BSE 500)	01-Feb-99
Value	1,000.00
Valuation Date	21-Mar-22
Value (Close)	23,394.00
CAGR (%)	14.6%
Dividend Yield (%)	1.1%
Market rate of return (Rm)	15.7%

Computation of Re-levered Beta

Particulars	
Unlevered Beta	0.76
Tax Rate	25.00%
Debt/Equity Ratio	0.18
Re-Levered Beta	0.86

Calculation of floor price as per prescribed under Chapter V of SEBI (ICDR) Regulations, 2018

Date of Board Meeting	March 24, 2022
Relevant Date	March 21, 2022

Stock Exchanges on which the equity shares of Shankara are frequently traded in terms of Regulation 164(5) of the SEBI ICDR Regulations:

Details of equity shares traded on Stock Exchanges during the period from April 07, 2021 to March 17, 2022 (240 trading days preceding the relevant date)

Particulars	BSE	NSE
No. of shares traded	89,37,770	4,85,26,260
Shares outstanding during the aforesaid period	2,28,49,326	2,28,49,326
Traded volume (in %age)	39.12	212.38

Stock Exchange on which the highest trading volume in respect of the equity shares of Shankara has been recorded during the preceding 90 trading days to the relevant date in terms of Explanation to Regulation 164(5) of the SEBI ICDR Regulations: **National Stock Exchange of India Limited**

Particulars	BSE	NSE
No. of shares traded	33,76,866	1,62,71,300

(Source: www.bseindia.com, www.nseindia.com)

Volume weighted average price of 90 Trading days

S. No.	Date	VWAP	VOLUME	VALUE
1	17-Mar-22	748.95	2,70,551	20,26,28,754
2	16-Mar-22	759.94	7,67,000	58,28,71,402
3	15-Mar-22	728.91	1,90,982	13,92,08,935
4	14-Mar-22	729.36	3,51,572	25,64,23,979
5	11-Mar-22	702.25	1,84,001	12,92,14,374
6	10-Mar-22	699.84	97,824	6,84,61,440
7	09-Mar-22	687.65	1,48,909	10,23,97,739
8	08-Mar-22	670.14	1,43,847	9,63,97,652
9	07-Mar-22	675.74	2,64,130	17,84,83,293
10	04-Mar-22	698.84	1,54,122	10,77,05,893
11	03-Mar-22	717.48	97,733	7,01,21,060
12	02-Mar-22	730.08	2,21,978	16,20,61,978
13	28-Feb-22	721.30	6,92,681	49,96,31,191
14	25-Feb-22	669.47	1,37,348	9,19,50,784
15	24-Feb-22	657.59	2,60,776	17,14,83,791
16	23-Feb-22	690.05	2,30,795	15,92,60,868
17	22-Feb-22	677.61	2,83,789	19,22,97,622
18	21-Feb-22	702.18	3,40,254	23,89,19,909
19	18-Feb-22	730.24	7,50,326	54,79,14,716

S. No.	Date	VWAP	VOLUME	VALUE
20	17-Feb-22	707.74	8,02,973	56,82,99,506
21	16-Feb-22	674.61	4,00,498	27,01,79,816
22	15-Feb-22	641.16	1,89,224	12,13,23,378
23	14-Feb-22	664.00	8,29,635	55,08,78,264
24	11-Feb-22	653.19	10,19,364	66,58,34,624
25	10-Feb-22	612.49	2,83,091	17,33,90,087
26	09-Feb-22	608.79	3,30,006	20,09,04,362
27	08-Feb-22	583.90	8,02,545	46,86,03,262
28	07-Feb-22	557.24	26,70,972	1,48,83,84,069
29	04-Feb-22	497.46	38,647	1,92,25,245
30	03-Feb-22	503.82	1,46,693	7,39,07,088
31	02-Feb-22	504.61	1,03,203	5,20,76,814
32	01-Feb-22	509.33	44,684	2,27,58,719
33	31-Jan-22	509.45	21,729	1,10,69,826
34	28-Jan-22	506.87	36,273	1,83,85,787
35	27-Jan-22	492.78	27,468	1,35,35,808
36	25-Jan-22	494.96	34,328	1,69,90,860
37	24-Jan-22	500.56	33,388	1,67,12,611
38	21-Jan-22	519.86	28,770	1,49,56,499
39	20-Jan-22	517.94	18,065	93,56,536
40	19-Jan-22	520.19	1,36,678	7,10,99,087
41	18-Jan-22	530.83	42,221	2,24,12,013
42	17-Jan-22	544.63	34,207	1,86,30,076
43	14-Jan-22	547.76	28,500	1,56,11,138
44	13-Jan-22	553.41	79,642	4,40,75,016
45	12-Jan-22	548.45	45,422	2,49,11,888
46	11-Jan-22	541.83	36,195	1,96,11,517
47	10-Jan-22	541.76	39,244	2,12,60,862
48	07-Jan-22	539.41	40,618	2,19,09,583
49	06-Jan-22	528.52	66,659	3,52,30,621
50	05-Jan-22	535.81	40,578	2,17,42,293
51	04-Jan-22	530.92	37,217	1,97,59,394
52	03-Jan-22	530.68	29,155	1,54,72,080
53	31-Dec-21	537.71	24,807	1,33,38,978
54	30-Dec-21	534.74	39,013	2,08,61,810
55	29-Dec-21	526.92	35,559	1,87,36,801
56	28-Dec-21	525.11	39,784	2,08,91,044
57	27-Dec-21	514.74	18,722	96,36,924
58	24-Dec-21	515.40	29,545	1,52,27,402
59	23-Dec-21	532.91	1,14,238	6,08,78,374
60	22-Dec-21	515.86	31,240	1,61,15,428
61	21-Dec-21	501.98	41,656	2,09,10,507
62	20-Dec-21	486.16	34,095	1,65,75,589

S. No.	Date	VWAP	VOLUME	VALUE
63	17-Dec-21	502.03	31,652	1,58,90,346
64	16-Dec-21	512.38	23,758	1,21,73,183
65	15-Dec-21	523.80	28,298	1,48,22,462
66	14-Dec-21	522.61	41,823	2,18,57,184
67	13-Dec-21	525.13	39,651	2,08,21,943
68	10-Dec-21	527.72	87,253	4,60,45,188
69	09-Dec-21	519.02	57,995	3,01,00,698
70	08-Dec-21	511.11	61,708	3,15,39,668
71	07-Dec-21	500.57	42,669	2,13,58,665
72	06-Dec-21	505.93	38,071	1,92,61,376
73	03-Dec-21	517.60	30,387	1,57,28,377
74	02-Dec-21	508.65	51,444	2,61,66,858
75	01-Dec-21	502.28	43,858	2,20,29,082
76	30-Nov-21	503.18	63,999	3,22,02,805
77	29-Nov-21	509.01	86,292	4,39,23,100
78	26-Nov-21	548.35	37,084	2,03,35,129
79	25-Nov-21	564.36	70,887	4,00,05,461
80	24-Nov-21	564.92	50,947	2,87,81,045
81	23-Nov-21	556.60	65,543	3,64,81,550
82	22-Nov-21	552.68	60,004	3,31,62,823
83	18-Nov-21	573.23	57,529	3,29,77,188
84	17-Nov-21	582.03	1,63,556	9,51,94,841
85	16-Nov-21	583.53	1,72,591	10,07,11,602
86	15-Nov-21	584.26	66,235	3,86,98,363
87	12-Nov-21	588.07	88,735	5,21,82,289
88	11-Nov-21	578.08	47,230	2,73,02,576
89	10-Nov-21	592.78	49,897	2,95,77,926
90	09-Nov-21	605.91	97,035	5,87,94,182
Total			1,62,71,300	10,30,72,32,876
VWAP				633.46

Volume weighted average price of 10 Trading days

S.NO	Date	VWAP	VOLUME	VALUE
1	17-Mar-22	748.95	2,70,551	20,26,28,754
2	16-Mar-22	759.94	7,67,000	58,28,71,402
3	15-Mar-22	728.91	1,90,982	13,92,08,935
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7	09-Mar-22	687.65	1,48,909	10,23,97,739
8	08-Mar-22	670.14	1,43,847	9,63,97,652
9	07-Mar-22	675.74	2,64,130	17,84,83,293
10	04-Mar-22	698.84	1,54,122	10,77,05,893
Total			25,72,938	1,86,37,93,462
VWAP				724.38

