

VALUATION REPORT
PREFERENTIAL ISSUE OF
Charms Industries Limited
AS ON October 23, 2026

-: REGISTERED VALUER: -
CA CS RV JANAK JAGJIVAN SHAH
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To,
Board of Directors,
CHARMS INDUSTRIES LIMITED
108-B/109, SAMPADA BUILDING,
MITHAKHALI SIX ROADS,
OPP-HARE KRISHNA COMPLEX B/H KIRAN MOTO
RS AHMEDABAD
Ahmedabad – 380009

Dear Sir,

Subject – Valuation of Charms Industries Limited for the purpose of preferential issue by Charms Industries Limited.

We refer to our engagement letter dated 20.10.2026 for carrying out the valuation of Equity Shares of **Charms Industries Limited**. In accordance with the terms of the engagement, we are enclosing our report along with this letter. In attached report, we have summarized our Valuation analysis of the Shares together with the description of methodologies used and limitation on Scope of Work.

Based on our analysis and the valuation methodologies considered appropriate in the circumstances, the value derived under the adopted valuation approach is negative. Accordingly, the fair value per Equity Share of the Company is considered as Nil. However, in accordance with the provisions of Section 53 of the Companies Act, 2013, a company is prohibited from issuing shares at a price below their face value. Therefore, the minimum issue price of the Equity Shares of the Company shall be INR 1.00 (Rupee One only) per Equity Share, being the face value of each Equity Share.

The proposed preferential issue, will result in a change in control of the Company, and therefore, in terms of Regulation 166A of the SEBI (ICDR) Regulations, 2018, this report also covers guidance on control premium. We have considered a control premium of INR 1.00 per Equity Share over and above the minimum price of INR 1.00 per Equity Share. Accordingly, the issue price of the Equity Shares works out to INR 2.00 (Rupees Two only) per Equity Share, comprising the face value of INR 1.00 and the control premium of INR 1.00.

This Valuation Analysis is confidential and has been prepared for you for providing the same to government or regulatory authorities and this report can be provided to potential investor of Charms Industries Limited for enabling compliance under various laws as detailed hereinafter in this report. It should not be used, reproduced or circulated to any other person, in whole or in part, without our prior consent. Such consent will only be given after full consideration of the circumstance at that time. We trust that above meets your requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Place: Ahmedabad
Date: 23.10.2026


CA CS IP RV Janak Jagjivan Shah
Registered Valuer
IBBI R. No.: IBBI/RV/06/2019/11559



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1. BACKGROUND OF ENTITY

Charms Industries Limited was incorporated on 24 April 1992 and is a public limited company having CIN: L72900GJ1992PLC017494, with its registered office located at Ahmedabad, Gujarat. The Company is listed on the BSE Limited (Scrip Code: 531327). The Company is primarily engaged in the business of information technology and software services, including software development, application development, web solutions, networking, data management, ERP solutions, e-commerce, communication solutions, call centre operations, training and consultancy services. It undertakes the design, development, manufacture, sale, licensing, installation, maintenance and support of software, hardware and related IT systems. The Company also provides technology-enabled solutions, telecommunication and communication software, data analytics, internet-based services, and hi-tech consultancy services. Further, it is involved in the import, export, leasing and trading of computer hardware, software, peripherals and communication equipment. Subject to regulatory approvals, the Company may undertake money changing, foreign exchange and allied financial service activities. Additionally, it may engage in real estate activities and trading of various agricultural, industrial, consumer, engineering, pharmaceutical, chemical, metal and other commodities and products.

Stock Price Information:

ISIN: INE442C01012

CIN: L72900GJ1992PLC017494

BSE: CHARMS | 531327

Capital Structure:-

Particulars	Amount (in Rs.)
Authorized Equity Share Capital 4,50,00,000 Equity shares of Rupees 1.00 each	4,50,00,000
Issued, Subscribed & Fully Paid-up Equity Share Capital 41,06,100 Equity shares of Rupee 1.00 each	41,06,100

The Board of Directors of the Company is as follows

DIN/DPIN/PAN	Full Name	Designation
00841729	SHIVKUMAR RAGHUNANDAN CHAUHAN	Managing Director
02901331	NEHALBEN SHIVKUMAR CHAUHAN	Director
07571829	PARTH SHIVKUMAR CHAUHAN	Director
11270802	ASHOK MANKODI	Director
11270829	DILIPKUMAR RAMPRASAD JOSHI	Director



2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY

Charms Industries Limited intends to issue equity shares and convertible warrants on preferential basis to meet its funding requirement for Working Capital. In this regard, Charms Industries Limited has engaged us to carry out valuation of Equity Shares of the Company as per requirements of Regulation 166A read with Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, on the relevant date being October 22, 2026.

3. IDENTITY OF THE REGISTERED VALUER

Name of the Valuer	RV Janak Jagjivan Shah
IBBI Registration Number	IBBI/RV/06/2019/11559
Address	Office No.201, Kamdhenu Complex Ashram Road, Ahmedabad-380009, Gujarat, India
Contact Email of RV	: rvipecajanakshah@gmail.com

4. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT

We hereby certify that the valuer(s) is/are suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Company (including the parties with whom the Company is dealing, including the lender or selling agent, if any). The valuer(s) accept instructions to value the Company only from the appointing authority or eligible instructing party.

We have no present or planned future interest in CHARMS INDUSTRIES LIMITED or its group companies, if any and the fee payable for this valuation is not contingent upon the value of shares reported herein

5. DATE OF APPOINTMENT, VALUATION DATE AND REPORT DATE

Date of appointment	20.10.2026
Valuation date	23.10.2026
Date of valuation report	23.10.2026

6. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN

We have relied on accuracy and completeness of all the information and explanations provided by the management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have received representations from the management and have accordingly assessed the fair value of the Company. We believe that given the nature of the valuation and the underlying reports made available to us, it is plausible to carry out such valuation.



7. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON

We have been provided the following information for the valuation analysis:

- MOA & AOA of CHARMS INDUSTRIES LIMITED;
- Publicly available information and secondary information including information on websites like <https://www.bseindia.com/> etc. We have not independently verified the accuracy or timelines of the same;
- Audited financials as on 31st March 2026 and 31st March 2025.
- Written Representations made by the Company in course of the valuation exercise;
- Other related information from various sources;

Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope.

Discussions (in person / over call) with the management to: Understand the business and fundamental factors that affect its earning- generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance. During the discussions with the management, I have also obtained explanations and information considered reasonably necessary for this exercise.

8. FINANCIAL INFORMATION

	(in Thousand)	
Particulars	31 Mar 2026	31 Mar 2025
ASSETS		
Property, Plant & Machinery	486.16	459.61
Investment	3303	3303
Total Non-Current Assets	3789.16	3762.61
Cash and cash equivalents	705.63	1135.44
Loans	0	1200
Other current assets	537.98	7.67
Total Current Assets	1243.61	2343.11
TOTAL ASSETS	5032.77	6105.72
EQUITY AND LIABILITIES		
Equity Share Capital	41061	41061
Other Equity	-42875.98	-40876.3
Total equity attributable to owners	-1814.98	184.7
Deferred Tax Liability (Net)	58.23	53.8
Total Non-Current Liabilities	58.23	53.8
Borrowings	4025	4025
Other Current Liabilities	1264.52	633.22
Provisions	1500	1209
Total Current Liabilities	6789.52	5867.22
TOTAL EQUITY & LIABILITIES	5032.77	6105.72

9. VALUATION STANDARDS



The Report has been prepared in compliance with the internationally accepted valuation standards.

10. VALUATION APPROACHES

For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and Company is operating, past financial performance of the business, future growth potential of the business, business model, management of the Company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

IVS 105 read with IVS 200 specifies that generally the following three approaches for valuation of business/business ownership interest are used:

- I. Cost Approach - Net Asset Value (NAV)
- II. Income Approach
- III. Market Approach.

I. Cost Approach - Net Asset Value (NAV)

The value under Cost Approach is determined based on the underlying value of assets which would be on book value basis, replacement cost basis or on the basis of Realizable value. The Net Assets Method represents the value with reference to historical cost of assets owned by the Company and the attached liabilities on particular date. Net asset will be calculated starting from the total assets of the Company and deducting there from all debts, borrowing and liabilities, including current and Likely contingent Liability and preference capital if any. In other words it should represent true net worth of business after providing for all outside present and potential liabilities. In the case of companies, the net assets value calculated from assets side of the balance sheet in the above manner will be crossed checked with equity share capital plus free reserve and surplus, less likely contingent liabilities.

The NAV approach was considered during the valuation exercise; however, as the Company has a negative net worth as on the valuation date, the approach yields a negative equity value. Consequently, the value derived from the Company's assets and liabilities, as detailed in Annexure 1, has not been adopted for determining the fair value of the equity shares in the present valuation.

II. Income Approach-

Under income approach there are mainly two methods

1. Discounted Cash Flows (DCF) method
2. Profit-earning capacity value method

1. Discounted Cash Flows (DCF) method

Under DCF method, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. Free Cash Flow to Firm (FCFF) represents the cash flows available for distribution to both the owners and other creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital (WACC) is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balances and contingent assets/liabilities and other liabilities, as relevant, are required to be made in



order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the Company.

The Discounted Cash Flow (DCF) method, being an income-based valuation approach, determines value based on the present value of the future economic benefits expected to be generated by a business. The applicability of this method is dependent upon the availability of reliable financial projections and the existence of a reasonably stable and sustainable operating and earnings profile.

In the present case, the Company has not been carrying on significant business operations in recent years and does not have stable or predictable earnings. Accordingly, in the absence of a consistent operating history and a reasonable basis for estimating future cash flows, the DCF method has not been considered appropriate for determining the fair value of the equity shares in the present valuation.

2. Profit-earning capacity value method

Under profit-earning capacity value method, the profit-earning capacity value will be calculated by capitalizing the average of the after-tax profits at the following rates;

- I. 15% in the case of manufacturing companies.
- II. 20% in the case of trading companies.
- III. 17.5% in the case of "intermediate companies", that is to say, companies whose turnover from trading activity is more than 40%, but less than 60% of their total turnover.

The crux of estimating the profit-earning capacity value lies in the assessment of the future maintainable earnings of the business. While the past trends in profits and profitability would serve as a guide, it should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is of greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must, therefore, be given due consideration.

The Profit Earning Capacity Value (PECV) method was evaluated; however, as the Company has incurred losses and does not have a sustainable earnings profile, this method has not been considered appropriate for the present valuation.

III. Market Approach:

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

The following valuation methods are commonly used under the market approach:

- a) Market Price Method
- b) Comparable Companies Multiple (CCM) Method; and
- c) Market Approach – Quoted Price Basis

Market Price Method

Market Price Method is a relative valuation method used to value a company based on historical volume weighted average price of trade share of company. The volume weighted average price (VWAP) is a trading benchmark gives the average price a security has traded in given period of time, based on both volume and price. It is important because it provides insight into both the trend and value of a security.

The Market Price Method has not been considered for the present valuation, as the Company's equity shares are infrequently traded and are presently suspended from trading due to procedural reasons. Accordingly, the quoted market prices are not considered representative of the fair value of the equity shares.



Comparable Companies Multiple (CCM) Method

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparable traded on active market. Under this method, the value of shares of the subject Company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples needs to be chosen carefully and adjusted for differences between the circumstances. The CCM Method arrives at the value of the Company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based in the principle that market valuations, taking place between informed buyers and sellers, incorporate all factors relevant to valuation.

The Comparable Companies Multiple (CCM) Method was evaluated; however, owing to the lack of reliable comparable market data and the Company's negative earnings, the value indicated under this method is not considered meaningful or representative. Accordingly, the method has not been relied upon for the present valuation.

Market Approach – Quoted Price Basis

Under the Market Approach – Quoted Price Basis, the value of the Company's equity shares is determined based on the prevailing market price quoted on a recognized stock exchange, such as the Bombay Stock Exchange (BSE). This method assumes that the market price reflects the collective assessment of market participants regarding the Company's future prospects and financial performance. Typically, an average of recent trading prices over a reasonable period is considered to mitigate short-term volatility. This approach is most relevant for companies with actively traded shares and sufficient market liquidity.

The Market Price Method has not been considered appropriate for the present valuation, as the equity shares of the Company are presently suspended from trading on the stock exchange and, therefore, do not provide a reliable indication of fair value.

11. VALUATION ANALYSIS:

The value per equity share of CHARMS INDUSTRIES LIMITED are based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each Company and the business dynamics and growth potential of the business of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, i.e. Cost Approach method, Income Approach and Market Price Approach for determining value per share of CHARMS INDUSTRIES LIMITED.

Based on the valuation analysis performed, the applicable valuation methodologies either resulted in a negative equity value or were not considered appropriate due to the specific circumstances of the Company, including its negative net worth, absence of significant business operations, negative earnings profile, and suspension of trading in its equity shares.

Accordingly, having regard to the overall facts and circumstances, the results of the valuation exercises performed, and considering that a negative value cannot be attributed to an equity share, the fair value of the equity shares of CHARMS INDUSTRIES LIMITED has been determined at **INR 1.00 (Rupee One only)** per equity share, being the **face value of each equity share**, as on the valuation date.

In terms of Regulation 166A r.w. Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and by using the Valuation Parameters, the following is the Valuation Analysis of Equity Shares of the Company.

No.	Valuation Parameters	Value per Equity Share (in Rupees)
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1.	Net Asset Value Method	(0.44)
3.	Profit Earning Capacity value (PECV)	(0.08)

For, detailed working calculation of Value of Equity Share, please refer;

Annexure 1 - For Net Asset Value Method

Annexure 2 - For Profit Earning Capacity value (PECV)

Issue price determination including control premium

In terms of Regulation 166A read with Regulation 165 of the SEBI (ICDR) Regulations, 2018, as the proposed preferential issue is likely to result in a change in control of the Company, the issue price has been determined by considering the fair value of the equity shares together with an appropriate premium attributable to control. Since the values derived under the NAV and PECV methods are negative, the fair value has been considered at the face value of INR 1.00 per equity share in view of the provisions of Section 53 of the Companies Act, 2013. Further, considering the change in control pursuant to the proposed preferential issue and the requirements of Regulation 166A of the SEBI (ICDR) Regulations, 2018, a control premium of INR 1.00 per equity share has been considered. Accordingly, the issue price has been determined at INR 2.00 per equity share, comprising INR 1.00 towards face value and INR 1.00 towards premium.

No.	Particulars	Value per Equity Share (in Rupees)	Basis / Regulation
1.	Fair value of Equity Share (value under NAV and PECV is negative; adopted at face value)	1.00	Regulation 165 and 166A, SEBI (ICDR) Regulations, 2018; Section 53, Companies Act, 2013
2.	Add: Control premium on change in control	1.00	Regulation 166A, SEBI (ICDR) Regulations, 2018
3.	Minimum issue price including control premium (1 + 2)	2.00	Regulation 166A read with Regulation 165
4.	Proposed Preferential Issue Price	2.00	Not lower than the minimum issue price at No. 3; Sections 52 and 53, Companies Act, 2013

12. CONCLUSION

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the documents available with me but which will strongly influence the worth of a Shares and Debentures.

Accordingly, based on the valuation methodologies considered appropriate and applied in the present circumstances, the value derived for the Equity Shares of the Company is negative. Since a negative value cannot be adopted as the issue price of the Equity Shares and pursuant to the provisions of Section 53 of the Companies Act, 2013, which prohibits issuance of shares at a price below their face value, the value of the Equity Shares of the Company has been considered at INR 1.00 (Rupees One only) per Equity Share, being the face value thereof.



Further, as per Regulation 166A of the SEBI (ICDR) Regulations, 2018, where a proposed preferential issue is likely to result in a change in control of the issuer, the valuation report of the registered valuer is required to provide guidance on the control premium over and above the price determined under Regulation 165. Since the proposed preferential issue is likely to result in a change in control of the Company, an appropriate control premium of INR 1.00 per Equity Share has been considered. Accordingly, the issue price has been determined at INR 2.00 per Equity Share, comprising the face value of INR 1.00 per Equity Share and a premium of INR 1.00 per Equity Share.

Accordingly, the issue price of the Equity Shares in the proposed preferential issue is **INR 2.00 (Rupees Two only) per Equity Share**, comprising the face value of INR 1.00 and the control premium of INR 1.00, which is not in contravention of Section 53 of the Companies Act, 2013 and is in line with Regulations 165 and 166A of the SEBI (ICDR) Regulations, 2018. The premium of INR 1.00 per Equity Share is to be credited to the securities premium account in terms of Section 52 of the Companies Act, 2013.

13. CAVEATS, LIMITATION AND DISCLAIMERS

Our report is subject to the scope limitations detailed hereinafter.

As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

We have provided an assessment of the value based on the information available, application of certain formula and within the scope and constraints of our engagement, others may place a different value to the same. However, we independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

The Company and its representatives warranted to us that the information supplied to us was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to us has been accepted as correct without any further verification. We have not audited, reviewed, or compiled the historical provided to us and, accordingly, we do not express any audit opinion or any other form of assurance on this information. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement.

Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.



Our work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and it is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

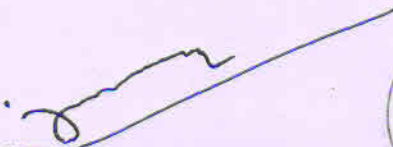
We have no responsibility to update this report for events and circumstances occurring after the date of this report. Our fees is not contingent to the results or output of this report. We shall not be responsible to appear in front of Companies act, Income tax, RBI or any other regulatory authority in relation to the said valuation.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the CHARMS INDUSTRIES LIMITED and our work and our finding shall not constitute a recommendation as to whether or not CHARMS INDUSTRIES LIMITED should carry out the transaction. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents our opinion, based on information furnished to us by the client and other sources. Any person/party intending to provide finance/invest in the shares/business of the Company 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.

Our report is meant for the purpose mentioned in point 2 of this report and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

We acknowledge that being an independent valuer we have no present or contemplated financial interest in the Company. Our fees for this valuation is based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have not been engaged by the Company in any unconnected transaction during last five years.

Neither me, nor any managers, employees of our firm makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.


CA CS IP RV Janak Jagjivan Shah

Registered Valuer



IBBI R. No.: IBBI/RV/06/2019/11559

Place: Ahmedabad

Date: 23.10.2026

14. ANNEXURE-1

Valuation of Equity Shares of CHARMS INDUSTRIES LIMITED under NAV Method:

Calculation of Net Assets Value of the Company as at March 31, 2026

	Amount in Thousnd
Particular	As on March 31, 2026
Total Assets	5,032.77
Less- Outside Liabilities	6,847.75
Net Worth	-1,814.98
No. of Equity Shares	41,06,100
NAV per share	-0.44

Owing to the negative net worth of the Company, the NAV Method yields a negative value per share and has therefore not been relied upon for valuation purposes.

15. ANNEXURE-2

Valuation of Equity Shares of CHARMS INDUSTRIES LIMITED under Profit Earning Capacity value (PECV):

For the year ended on:	Weight	PAT in Rs.	Details
31-03-2026	0.34	-19,99,680	-6,79,891.20
31-03-2025	0.33	-14,63,220	-4,82,862.60
31-03-2024	0.33	-13,24,040	-4,36,933.20
Weighted Average Profit after Tax			-15,99,687.00
No. of equity shares			41,06,100
Average EPS			-0.39
Capitalisation rate of Industry @			20%
PECV based Equity Value per Share			-0.08

As the Company's weighted average earnings are negative, the PECV Method yields a negative value per share. Accordingly, the value so derived has not been considered meaningful for valuation purposes and has not been relied upon in determining the final fair value of the equity shares

