

Valuation of Equity Shares of Arco Leasing Limited for compliance with Regulation 165 read with Regulation 166A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

Friday, March 13, 2026

***Abhishek Goel
Chartered Accountant
M. No. 544387
IBBI Reg No. IBBI/RV/06/2021/14478***

Friday, March 13, 2026

To,
Board of Directors
Arco Leasing Limited
Plot No. 123, Street No 17, MIDC,
Marol, Andheri (East),
Mumbai – 400093,
Maharashtra, India

Dear Sir,

Sub: Valuation of Equity Shares of Arco Leasing Limited

Arco Leasing Limited (“**ZARCOLEA**” or “**Company**”) intends to issue Equity Shares to its proposed investors in compliance with applicable laws.

In this regard, Abhishek Goel, Chartered Accountant, M. No. 544387, IBBI Reg No. IBBI/RV/06/2021/14478 (“**Independent Valuer**”) has been appointed to determine value of Equity Shares of Arco Leasing Limited for compliance with Section 62(1)(c) of the Companies Act, 2013 (as amended) read with Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014, and Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, for a preferential issue (“**SEBI ICDR Regulations**”) (“**Valuation Purpose**”).

The underlying transaction is the preferential issue of equity shares of Company to certain investors. The Company is infrequently traded listed on BSE Limited. In terms of Regulation 166A read with Regulation 165 of SEBI ICDR Regulations, a preferential issue, which may result in a change in control or allotment of more than 5% of the post issue fully diluted share capital of an issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and should be considered for determining the issue price.

The relevant date, as informed to us by the Management of Arco Leasing Limited (“**Management**”), for the purpose of calculation of the price per share under the SEBI ICDR Regulations for issuance of Equity Shares is Friday, March 13, 2026, (“**Relevant Date**”). The Valuation Date as informed to us by the Management for computation of equity value per share of Arco Leasing Limited is as on close of trading hours of the date preceding the relevant date i.e. Friday, March 13, 2026 (“**Valuation Date**”).

This Report is structured under the following broad heads:

- Background
- Information sources
- Valuation Standards
- Valuation Approaches and Methodologies
- Valuation Analysis and Conclusion
- Scope Limitation

COMPANY BACKGROUND

Arco Leasing Limited is an Indian listed company engaged primarily is engaged in the business of leasing and hire purchase and to finance lease operations of all kinds purchasing, selling, hiring or letting on hire all kinds of plant and machinery and equipment.

CIN	L65910MH1984PLC031957
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Company Name	ARCO LEASING LIMITED
ROC Name	ROC Mumbai I
Registration Number	031957
Date of Incorporation	01/02/1984
Email Id	arcoleasingltd[at]gmail[dot]com
Registered Address	Plot No 123, Street No 17, MIDC Marol Andheri (East), Mumbai City, Maharashtra, India, 400093

Equity Shares of Arco Leasing Limited are listed on BSE Limited.

The shareholding pattern of Arco Leasing Limited as of December 31, 2025, is as under:

Particulars	No. of shares	% Shareholding
Promoter & Promoter Group	1,28,600	53.57%
Public	1,11,470	46.43%
Total	2,40,070	100.00%

INFORMATION SOURCES

We have relied on the following sources of information and documents as provided to us by the Management of Arco Leasing Limited and available in public domain:

- Other relevant publicly available data;
- Our regular discussions with management representatives of Arco Leasing Limited ;
- We have also relied on published and secondary sources of data whether or not made available by the Company.

VALUATION STANDARDS

- We have performed the valuation analysis, to the extent possible, in accordance with Valuation Standards.
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
 - Discussions with the Management on understanding of the business of the Company ;
 - Obtained and analyzed data available in public domain, as considered relevant by us;
 - Determination of value per equity share of Arco Leasing Limited, as relevant;
 - Preparation and issuance of this valuation report.

REGULATORY PROVISIONS

Regulation 164(5) – Frequently Traded Shares

“Frequently Traded Shares” means the shares of the issuer, in which the traded turnover on any recognized 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 issuer: Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares
Monday, 23 February 2026	3.75	3.75	3.75	3.75	3.75	2,000
Total Number of Equity Traded						2,000
Total Number of Equity Listed						2,40,070
Percentage of Equity Traded						0.83%

Basis the calculation stated above, the traded turnover of the shares of the Company during the 240 Trading Days preceding the relevant date, is less than ten percent of the total number of shares of the Company. Hence, pricing has been determined in accordance with the provisions of Regulation 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Regulation 165 – Pricing of infrequently traded shares

165. Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies. Provided that the issuer shall submit a certificate stating that the issuer is in compliance with this regulation, obtained from an independent registered valuer to the stock exchange where the equity shares of the issuer are listed.

Regulation 166A - Other conditions for pricing

1) Any preferential issue which may result in a change in control or allotment of more than five per cent of the post-issue fully diluted share capital of the issuer to an allottee or to allottees acting in concert shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price in such cases shall be the higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be; or the price determined under the valuation report from the independent registered valuer; or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

Provided further that the valuation report from the registered valuer shall be published on the website of the issuer and a reference to the same shall be made in the notice calling the general meeting of shareholders.

(2) Any preferential issue which may result in a change in control of the issuer shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all aspects relating to the preferential issue including pricing, and the voting pattern of the said committee's meeting shall be disclosed in the notice calling the general meeting of shareholders.

Explanation: The meeting of the independent directors referred to in sub-regulation (2) shall be attended by all the independent directors on the board of the issuer.

VALUATION METHODOLOGIES

a. Market Price Method

Under the Market Price method, the market price of an equity shares as quoted on a recognized Stock Exchange is normally considered as the value of the Equity Shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

This method is used in case of frequently traded shares. However, the shares are not frequently traded. Hence, not considered this method for the valuation.

b. Comparable Companies Multiple Method

Market Comparable Method involves the identification of comparable companies followed by the derivation of market-based multiples. While applying such multiples to the subject company's financial metrics (e.g. revenue or earnings), careful adjustments to account for differences in fundamentals between the comparable companies and the subject must be undertaken.

- (i) Theoretically, a comparable company is the one with cash flows, growth potential and risk similar to the company being valued.
- (ii) Conventionally, looking at the companies within the sector provides a better-matched and similar-profiled set of comparable companies.
- (iii) Alternatively, in some cases, it is necessary to look across sectors to identify comparable companies.

In practice, one seldom finds exactly similar companies.

The next step is to arrive at a standardized set of ratios for comparison, commonly known as multiples. Multiples are a ratio of the enterprise value/equity value over different financial parameters like Revenue, Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA"), Profit after Tax ("PAT"), Earnings per Share ("EPS"), book value etc., with some being preferred over the others.

As there are no comparable companies, I have not considered this method for the valuation.

c. Income Approach

(i) Maintainable Profit Method (Discounted Free Cash Flows –“DFCF”)

The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm by estimating the Free Cash Flows to Firm (FCFF) and discounting the same with Weighted Average cost of capital (WACC). The DFCF method using the FCFF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms.

In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and capex is being met. As this methodology is focused at finding the value of the Firm so the interest charges (post tax) should be added back.

The Company has not been in operations from a long time, therefore the value has been taken on the Net Assets Value basis, hence in the present case, I have not taken this method for the valuation.

(ii) Capitalization of Earning Method

In Capitalization of Earning approach, valuation is done at the present value of its future earnings or cash flows. Future earnings/cash flows are determined by projecting the business's earnings/cash flows and adjusting them for changes in growth rate, cost structure and taxes, etc. The present value is determined using a discount rate which reflects the required rate of return of the investor. Income approach is a powerful and effective approach because unlike market approach i.e. relative valuation, it doesn't rely on any past similar transactions. However, since value is very sensitive to estimates of growth rate and required rate of return, these inputs must be sound. The Company has not been in operations from a long time. Therefore, in the present case, I have not used Capitalization of Earning Method for the valuation.

d. Net Asset Value Method

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

The Net Asset Value of the Company is calculated as follows:

Particulars	As on 30th September 2025 (₹ in Lakhs)
ASSETS	
Non-Current Assets	
Property, Plant and Equipment – Goodwill on consolidation	₹2.73
Other Non-Current Assets	₹1.73
Current Assets	
Investments	₹20.75
Trade Receivables	₹7.00
Cash and Cash Equivalents	₹2.11
Loans	₹236.00
Other Financial Assets- Interest Receivables	₹42.81
Total - A	₹313.13
LIABILITIES	
Current Liabilities	
Trade Payables	₹21.29
Other Financial Liabilities	₹311.00
Other Current Liabilities	₹21.57
Provisions	₹3.74
Current Tax Liabilities	₹7.33
Total - B	₹364.93
Total A-B	(₹51.80)
Amount (Rs)	(₹51,80,000.00)
Total No. of Equity Shares	2,40,070
Net Asset Value	(₹21.58)

SCOPE LIMITATIONS AND DISCLAIMERS

- Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.
- We owe responsibility to only the management of the client that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose. This report has been prepared only for the sole use and information of Arco Leasing Limited. Without limiting the foregoing, we understand that Arco Leasing Limited may be required to submit this report to the regulatory authorities/ stock exchanges in connection with the Proposed Transaction.
- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- We are not responsible for updating this report because of any events or transactions occurring subsequent to the date of this report.

- We have considered and relied on the information provided to us by the Management. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the Management have informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation.
- This Report does not look into the business / commercial reasons behind the transaction. We have no present or planned future interest in the company and the fee for this engagement is not contingent upon the values reported herein. Our valuation analysis should not be construed as an investment advice. We do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.
- Any discrepancies in any annexure between the total and the sums of the amounts listed are due to rounding-off.

VALUATION ANALYSIS AND CONCLUSION

In light of the above and on consideration of all the relevant factors and outlined hereinabove referred to earlier in this Report for the proposed transaction, in our opinion, we certify that the value of Equity Shares of Arco Leasing Limited at (₹21.58) per equity share, against the face value of ₹10.00.

As in the present case Arco Leasing Limited (the Issuer) has proposed preferential issue to certain allottees, which may result in allotment of more than five percent of the post issue fully diluted share capital of the Issuer to allottees and accordingly this Valuation Reports is given under Regulation 166A of the SEBI ICDR Regulations.

Regulation 166A provides that the floor price, in such case, shall be higher of the floor price determined under sub-regulation (1) of regulation 164.

Our Valuation Brief is produced hereunder:

Particulars	Price
The floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be; or	Not Applicable, as the equity shares of the Company are infrequently traded
The price determined under the valuation report from the independent registered valuer; or	The Book Value of the equity shares is (₹21.58) as per the unaudited financial statements for the half-year ended September 30, 2025
The price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:	Not Applicable

Section 53 of the Companies Act, 2013, states that, no company can issue shares at discount. Accordingly, the equity shares shall be issued at not less than the face value of ₹10.00 per equity share.

Yours faithfully,



Abhishek Goel
Chartered Accountant
M. No. 544387
IBBI Reg No. IBBI/RV/06/2021/14478
UDIN: 26544387PEMQVH492