

15th June, 2022

Sarbottam Cement Limited,
Neupane Tower,
Tinkune , Kathmandu.

Subject: Valuation Report of Sarbottam Cement Ltd.

Dear Sir/Madam,

As per your request, we are pleased to inform you that we have concluded the Valuation Report of Sarbottam Cement Ltd. for the purpose of Initial Public Offering as per Book Building Guidelines 2077.

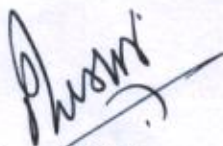
The valuation has been done as per standard methods (Net Assets Value Per Share, Earnings based value per share and industry price to earnings, Projected earnings per share and industry earnings, Average market price of similar stocks, P/B value multiple of similar stocks method.)

Please find the enclosed hardcopy of the Valuation Report herewith.

We would like to express our sincere gratitude for the opportunity and we hope to work with your esteemed organization in coming days as well.

Thanking for your kind co-operation.

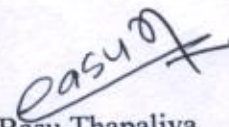
Regards.



Parag Bisht
Deputy Chief Executive Officer
Issue Manager
Global IME Capital Ltd.



Sachindra Dhungana
Deputy General Manager
Co-Issue Manager
NIBL Ace Capital Ltd.



Basu Thapaliya
Chief Business Officer
Co-Issue Manager
Prabhu Capital Ltd.



Valuation
Of
Sarbottam Cement Ltd.
for
Qualified Institutional Investors

Prepared By:




<u>Issue Manager</u>	<u>Co – Issue Manager</u>	
 Global IME Capital Limited <small>ग्लोबल इमेज कपिटल लिमिटेड</small> GROW WITH US	 NIBL ACE CAPITAL <small>Managing share. Managing investments.</small>	 prabhu CAPITAL <small>(A Subsidiary of Prabhu Bank Limited)</small>



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ABOUT THE COMPANY

Sarbottom Cement Limited (SCL) established in 2010 AD, is the flagship company of Saurabh Group. Saurabh Group is one of the leading industrial groups of Nepal and has been committed to providing quality products and services to its stakeholders since its establishment. Saurabh Group has annual turnover of more than NPR 3000 Crore and employees more than 4000 people in its various subsidiaries. The group is mainly involved in the production of cement, steel, tea, spurn yarn, PP woven fabrics, calcium carbonates and more.

Sarbottom Cement Limited is an ISO 9001 and ISO 14001 certified cement manufacturing company of Nepal. It is the first and only cement manufacturing company in the country that produces cement through Vertical Roller Mill (VRM), a European plant technology, that allows them to save up to 50% in energy consumption thereby drastically reducing their cost of production and carbon footprint. SCL's product portfolio includes both Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC) and Clinker. SCL's cement manufacturing capacity is 20 Million bags per annum and clinker manufacturing capacity is 1.1 Million ton per annum.

One of the critical materials for cement production is limestone as raw material and Sarbottom Cement produces clinker and sources limestone from its own captive mines located at limestone rich areas of Palpa and Chitwan, namely Kacchal, Sidheshwor and Jyamire. SCL also has its own 5 MW thermal power plant for dedicated supply of electricity, in addition to supply from NEA, helping it to manufacture uniform quality cement due to uninterrupted power supply. The company's production plant is located at Sunwal, Nawalparasi and head office is located at Neupane Tower, Tinkune, Kathmandu. The company employees more than 500 people and has annual turnover of over NPR 735 Crore.

Capital Structure of the Company

Number of Shares	Nominal Value (NPR)
A. AUTHORISED CAPITAL 5,00,00,000 Equity Shares of Rs. 100/- each	500,00,00,000
B. ISSUE and PAID-UP CAPITAL* 4,05,00,000 Equity Shares of Rs. 100/- each	405,00,00,000
C. PRESENT ISSUE 60,00,000 Equity Shares of Rs. 100/- each	60,00,00,000
D. SHARE PREMIUM ACCOUNT	[•]

*as on Chaitra 30, 2078



LEADERSHIP OF THE COMPANY

Board of Directors

S. No	Name	Designation
1.	Mr. Bishnu Prasad Neupane	Chairman
2.	Mr. Bimal Sawartha	Director
3.	Mr. Tika Ram Neupane	Director
4.	Mr. Tenzing Lakden	Director
5.	Mr. Diwas Neupane	Director

Mr. Bishnu Prasad Neupane

Mr. Bishnu Prasad Neupane, the Chairman of the company, has more than 25 years of experience in cement and steel industry. Mr. Neupane is the founder and now Chairman of Jagadamba Cement and Managing Director of Subha Shree Jagadamba Cement. Mr. Neupane was also one of the founders and Chairman of Commerce and Trust Bank, before its merger with Global IME Bank. He is currently the Chairman of Jagadamba Spinning Mills Ltd and Sarbottam Steels.

Mr. Bimal Sawartha

Mr. Bimal Sawartha has over 30 years experience in trading and industry. He was Director in Niti International Ltd, a company based out of Hong Kong. Mr. Sawartha is the founder of Saloni Trade Concern P Ltd and Heritage International P Ltd, both companies are engaged in various trading activities. He also serves as Director in the board of IMS Group and Sawartha Group which has business across 28 countries.

Mr. Tika Ram Neupane

Mr. Tika Ram Neupane is one of the founder Directors of Saurabh Group and has been actively working in the group since the last two decades. He also serves as Director in Laxmi Steels. Mr. Neupane is the Chairman of Jagadamba Cement, Subha Shree Jagadamba Cement and Sarbottam Minerals Pvt Ltd.

Mr. Tenzing Lakden

Mr. Tenzing Lakden is a Director in Krishna International Pzco, UAE and Managing Director at Mobitel Niti International, Tanzania.

Mr. Diwas Neupane

Mr. Diwas Neupane is actively involved in driving multimillion big projects in Sarbottam Cement. He holds expertise in process debottlenecking, supply chain optimisation and modernisation in decision making process.

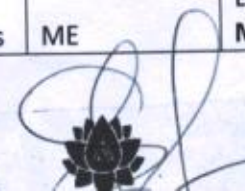


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Key Management Personnel

S.No.	Name	Designation	Qualification	Experience
1	Santosh K.C.	CEO	CA, LLB	-In charge of Account & Finance at Jyoti Bikash Bank 1.5 years -Finance Manager & Company Secretary, 2 years at Panchakanya Group -Finance Head at Sarbottam Cement Ltd., 5 Years More than 8.5 years of professional experience
2	Sanjay Gautam	Finance Manager	CA, MBS	-Senior Financial Analyst at Credit Suisse, 2.5 years - Assistant Manager at HSBC Bank & Rosebay Consulting, 1 Years - Sr. manager at Sarbottam Cement Limited, 4 years More than 7 years of professional experience
3	Tulasi Ram Regmi	Head- HR	Masters in HRM	-Human Resource Manager, Ruparelia Group of Companies, Uganda 11 Years -Human Resource Manager, CG Foods Nepal Pvt Ltd, 4.5 Years -Human Resource Manager, Sarbottam Cement Ltd, 1 Years More than 16.5 years of professional experience
4	Saurabh Singh	Head- Project	BE Electrical/ MBA	Plant Engineer, 4.9 years at Colgate Palmolive -Jay Prakash Associate Ltd., 9 years -Project Head, 6 years at Sarbottam Cement Ltd. More than 19 years of professional experience
5	Gurudayal Singh	Head- Quality Control & Process	BSc Chemistry / MA Eco	-Maruti Cement, 4 years -Sr. Chemist, 4 years at Shivam Cement Ltd. -Head process Quality, 1 year at CG Cement Pvt. Ltd. - Head- Quality Control & Process, 7 years at Sarbottam Cement Ltd. More than 16 years of professional experience
6	Subhash Kumar Pandey	GM- Sales	MBS	-Sales Officer, 4 years at Sipradi Trading Pvt. Ltd. -ASM, 1 year at Hulas Biscuit -ASM, 6 years at Berger Paints Pvt. Ltd. GM sales, 1 year at Sarbottam Cement Ltd. More than 18 years of professional experience
7	Gopal Sarda	Head- Brand & Promotion	MBA	-Asst Marketing Manager, 6 years at Maruti Cement Ltd. -Brand Manager, 5 years at Sarbottam cement Ltd. More than 11 years of professional experience
8	Abhishek Jha	Head- Project sales	ME	-Civil Engineer, 1.5 years at Department of Urban Development - Head- Project sales, 4 year at Sarbottam Cement Ltd. More than 6 years of professional experience



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9	Nab Raj Poudel	Company Secretary	LLM/ MA	-Company Secretary, 8 years at Premier Finance Ltd. -Company Secretary, 4.5 Years at Sarbottam Cement Ltd. More than 12.5 years of professional experience
10	Ashok Kumar Thakur	Sr. Manager- Mine	BE Mechanical	-Service Engineer, 9 years at MAW Enterprises -General Manager, 4 years at NC - Sr. Manager- Mine , 7 Years at Sarbottam Cement Ltd. More than 20 years of professional experience
11	Surendra Mahaseth	Head- E & I	AMIE Electrical	-Service Engineer, 2 years at Consul Consolidated Pvt. Ltd. India -Solar Energy Export, 1 year at DDCREDS, Bajura Nepal -Sales & Service Engineer, 2 years at Conductor Udhyog Pvt. Ltd. -Project Manager, 5.5 years at Shivam Cement Pvt. Ltd. - Head- E & I, 1.10 years at CG Cement - Head- E & I, 6.5 years at Sarbottam Cement Ltd. More than 20 years of professional experience
12	Netra Prasad Ghimire	Head- Factory Admin	BBS	-Store Keeper, 3 years at Harry Collection -Store Keeper & Admin officer, 6 years at WLL, Doha, Qatar - Head - Factory Admin, 8 years at Sarbottam Cement Ltd. More than 6 years of professional experience



BASIS FOR VALUATION PRICE

The Valuation is done by the issue manager taking into account the average market price of the concerned companies listed in Nepal Stock Exchange. Keeping in mind the provision of the Book Building Guideline, 2077 as follows.

- Shares allocated for Qualified Institutional Investors (QII) is 40% of issue size
- The ceiling to one QII is 20% of the issue size allocated for QII i.e, (20% of 40%) 0.08%
- The lock-in period for QII is six months as such we have taken 36 months data which covers bullish and bearish market cycle.

Qualitative Factors:

Some of the Qualitative factors which form the basis for computing the Valuation Price are:

1. Sarbottam Cement Limited (SCL) is an existing profit-making Company for more than 3 years in the Nepalese cement industry. Their Profit after Tax for last 4 years is as follows:

Particular	Ashad 31, 2075	Ashad 31, 2076	Ashad 31, 2077	Ashad 31, 2078
Total Income	6,253,641,939	7,044,655,003	7,370,188,851	8,949,804,381
Net Profit	1,163,254,044	1,171,746,745	778,193,930	1,310,356,563

2. SCL operates a greenfield cement plant with current installed clinker production capacity of ~ 1.1 million metric tonnes per annum (MTPA) and similar grinding capacity after the recently completed grinding capacity enhancement. With the enhanced capacity, SCL is among the largest greenfield units in Nepal.
3. SCL is the first cement company in Nepal to use European VRM Technology Cross Bar Cooler and ISCC enabling it to lower limestone consumption for clinker production (in the range of 140-145% in the last few years). This, along with lower limestone transportation cost, has resulted in a relatively low raw material cost for clinker production (~ NPR 4,400 per MT for FY2020) which helps the company in maintaining a competitive position the cement industry.
4. SCL has its own limestone mines located at Kacchal, Sidheshwor and Jyamire with estimated reserve sufficient for more than 90 years. It also has its own 5 MW thermal power plant for dedicated supply of electricity in addition to power supply from NEA.
5. Sarbottam Cement Ltd has approved and accredited Quality System in place for their manufacturing facility. The accreditation has been granted by International Industrial Certification Co. Ltd (ISO 9001:2015 & ISO 14001:2015).



6. SCL has a technically qualified management team, led by promoters having more than two decade's experience in the industry.
7. SCL's manufacturing facility is located at Sunwal, Nawalparasi. The facility has a natural proximity to mines, proximity to market and uses superior process and technology.
8. We believe that SCL's good technical base, lower overheads, and effective marketing network have helped it show consistent growth in revenues and profits.
9. Sarbottam Cement's plant is nearest to the Bhairahawa Border. Nepal Government has just announced 8% incentive on export of Cement/Clinker. It will help Issuing company to cater near to Indo-Nepal Border area market through Export.
10. Sarbottam Cement has initiated its formal process to get additional power requirement from NEA. Company has applied for 25 MW of electricity power. Currently company has power supply of 8 MW. Availability of relatively cheaper source of power may lead to future cost saving for the company. Further, government of Nepal has recently announced 2-15% of incentive on electricity to the Nepalese Industries which will result more cost saving in future.
11. Experienced promoters' operational synergies from being part of the Saurabh Group – The company is a part of the Saurabh Group, which has more than 20 years' experience in the cement industry, along with presence in other manufacturing and trading sectors. The Group's extensive track record and the experienced promoters/management has helped the company maintain a modest business performance, mainly through an extensive sales/logistics network and business relationships developed over the years.
12. Professional Management - Production process of Sarbottam Cement is operated by a group of efficient engineers, expert marketing team, specialist, and experienced technicians, who are co-operated by a promising, honest and experienced Board of Directors.
13. Capital Equipment's - SCL owns integrated clinker-based cement plant imported from FLS Denmark. This plant uses VRM technology, by which fineness and quality of cement can be ensured with relatively lower power consumption under full automated environment.
14. Healthy sales growth supported by capacity enhancement – Sarbottam's overall sales revenue grew by ~21% in FY2021 supported by the high volumetric cement sales growth of ~89% after the recent grinding capacity enhancement (from ~0.4 million MTPA), while the clinker sales reported marginal decline of ~8%. High cement sales volume growth indicates an improving brand position; however, the realization has been decreasing in line with industry trend, which has led to much lower revenue growth compared to the volumetric sales growth. Going forward, the overall sales volume is expected to improve further as the grinding unit stabilizes
15. Own quality control Department - SCL has its own quality control department equipped with the sophisticated equipment which is operated by foreign trained and qualified chemists and



experienced technicians. Where raw materials are tested before import and during production period samples of cement are tested each and every hour.

16. Owns 5 MW Thermal Power Plant - SCL has its own 5MW thermal power plant, which can ensure smooth operation of factory even when there is disturbance of NEA power supply.

Quantitative Factors:

Some of the Quantitative factors which form the basis for calculation the Average Valuation Price are as given below. Information presented in this section is derived from the Audited Financial Statements prepared in accordance with Nepalese Accounting Standards.

Five very commonly used valuation methods have been applied to obtain the Average Valuation Price. Again, the prices from all the five methods have been averaged to minimize influence of any unusual factor, if any, in obtaining the weighted average price as under:

Summary of Valuation of Sarbottam Cement Limited.

S.N	Particulars	Value Per Kitta	Average Price Per Kitta
1	Net Asset Value (NAV) per share		
a	FY 2077/78 Audited	160.13	160.13
2	Earning Based Value per Share		
a	Earning Based Value per Share as per Sectoral P/E	559.07	813.85
b	Earning Based Value per Share as per P/E of Similar Company	1,068.64	
3	Projected Earnings Based Value Per Share		
a	Projected Earnings Based value per Share as per Sectoral P/E	400.16	582.53
b	Projected Earnings Based value per Share as per P/E of Similar Company	764.89	
4	Valuation with reference to average market price of similar stocks		
a	Companies with similar 3 years average EPS	1,018.27	843.99
b	Similar Company	968.45	
c	Similar Paid Up capital	545.23	
5	Price to Book Value Multiple of Similar Stocks Method		
a	Company with Similar EPS	897.43	734.83
b	Sectoral Price to Book Value	740.46	
c	Similar Company	739.30	
d	Similar Paid Up capital	562.12	
Average Price of 1,2,3,4,and 5			627.06



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Method 1: Net Asset Value (NAV) per share:

Particulars	2077/78 (Audited)
Share Capital	4,050,000,000
Reserve and Surplus	2,435,247,577
Net Assets	6,485,247,577
No. of ordinary shares (before IPO)	40,500,000
Net Asset per share	160.13

Method 2: Valuation with reference to Earning Based Value per share and industry price to earnings:

S. N.	Year	No. of Shares	Net Profit after Tax	Weight on Total Number of Shares	Weighted Average Net Profit after Tax
1	2075.76	19,800,000	1,171,223,500	24.72%	289,515,921.35
2	2076.77	19,800,000	777,674,641	24.72%	192,234,180.92
3	2077.78	40,500,000	1,310,356,563	50.56%	662,539,835.22
Total		80,100,000		100.00%	1,144,289,937.49
Number of Shares before IPO					40,500,000
Weighted Average Earning per Share (a)					28.25
Relevant PE Multiple (Sectoral) (b) ⁽¹⁾					19.79
Relevant PE Multiple of Similar Company (c) ⁽²⁾					37.82
Value of SCL per Share as per Sectoral P/E (a*b)					559.07
Value of SCL per Share as per Similar Company (a*c)					1,068.64

(1) = Refer to annexure 2

(2) = Refer to annexure 2

Method 3: Valuation with Reference to Projected Earnings Based Value Per Share and Industry Price to Earnings:

S.N.	Year	Weight	Projected EPS	Weighted Projected EPS	PE based on Monthly average price and quarterly EPS
1	2079	3	13.17	39.51	-
2	2080	2	25.75	51.50	-
3	2081	1	30.33	30.33	-
Weighted average EPS (a)				20.22	-
Relevant PE Multiple (Sectoral) (b) ⁽³⁾					19.79
Relevant PE Multiple as per Similar Company (c) ⁽⁴⁾					37.82
Value of SCL per Share as per Sectoral P/E (a*b)					400.16
Value of SCL per Share as per Similar Company (a*c)					764.89

(3) = Refer to annexure 2

(4) = Refer to annexure 2



Method 4: Valuation with reference to average market price of similar stocks:

Categories of Comparable Companies	Monthly Average
A. Companies with similar 3 years average EPS ⁽⁴⁾	1,018.27
B. Similar Company (Shivam Cement) ⁽⁵⁾	968.45
C. Similar Paid-up ⁽⁶⁾	545.23

(4) = Refer to annexure 1

(5) = Refer to annexure 2

(6) = Refer to annexure 3

Method 5: P/BV Multiple of Similar Stocks Method:

S.N.	Company	PB based on Monthly average price and Quarterly BVPS	Net worth	Value of SCL
				Monthly Average
A.	Company with similar EPS ⁽⁷⁾	5.60	160.13	897.43
B.	Sectoral PB ⁽⁸⁾	4.62		740.46
C.	Similar Company ⁽⁹⁾	4.62		739.30
D.	Similar Paid Up ⁽¹⁰⁾	3.51		562.12

(7) = Refer to annexure 1

(8) = Refer to annexure 4

(9) = Refer to annexure 4

(10) = Refer to annexure 3

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Annexures

Annexure 1: Companies with Similar EPS

Scrip	Yearly Average (Audited)	Monthly Average Price	Price to book based on month avg price and Quarterly BVPS
EBL	29.18	647.65	2.90
GBLBS	27.92	721.94	4.00
GILB	29.19	1,551.82	9.76
JSLBB	30.44	2,168.94	9.81
MFIL	30.92	496.78	3.32
MLBBL	25.46	1,211.64	6.73
MMFDB	30.54	1,145.78	6.84
MSLB	29.82	1,389.02	6.38
RMDC	27.56	966.71	3.66
SABSL	26.06	1,171.06	9.29
SMATA	27.31	932.38	6.03
VLBS	29.25	1,145.41	7.62
NLG	25.47	797.94	3.21
PIC	29.75	822.72	4.12
SIL	29.61	763.14	3.48
NSLB	28.61	874.69	5.38
HBL	29.37	502.98	2.75
Average		1,018.27	5.60

Annexure 2: Sectoral price earnings ratio

Symbol	Monthly Average Price	Quarterly Average EPS	Sector PE based on Monthly average price and quarterly EPS
BNL	1,847.78	458.48	4.03
NLO	243.41	103.36	2.36
BNT	9,196.22	489.17	18.80
UNL	19,399.92	878.83	22.07
HDL	3,313.42	98.49	33.64
SHVM	968.45	25.61	37.82
Average			19.79



Annexure 3: Companies with Similar Paid Up Capital



Scrip	Latest Paid Up	Monthly Average Price	Price to book based on month avg price and Quarterly BVPS
JBBL	4,267,753,290	285.86	2.18
MLBL	4,010,883,270	332.00	2.06
SHINE	3,781,009,010	323.31	2.25
NLCL	4,035,158,150	816.53	6.44
SHVM	4,400,000,000	968.45	4.62
Average		545.23	3.51

Annexure 4: Sectoral price to book ratio:

Symbol	Monthly Average Price	Quarterly Average BVPS	Price to book based on month avg price and Quarterly BVPS
BNL	1,847.78	2,185.82	0.85
BNT	9,196.22	2,155.70	4.27
HDL	3,313.42	212.12	15.62
NLO	243.41	944.48	0.26
SHVM	968.45	209.76	4.62
UNL	19,399.92	2,594.04	7.48
	954.60	206.13	4.62

1. The face value of shares is Rs 100/- per share and the Valuation Price is NPR. 627.06/-. The final price would be determined on the basis of the demand from the qualified institutional investors through book building process. The final price would be determined by the intentional price received from QII and price offered by the issuing company on the basis of our valuation being within the purview of preliminary prospectus prepared as per Book Building Guideline 2077.

2. The Issue Managers believe that the Valuation Price of NPR. 627.06/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and financials including important profitability and return ratios, as set out in the Auditors Report in the Prospectus to have a more informed view about the investment proposition.



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 Managing shares, Managing Investments.
 Kathmandu, Nepal




Methods of Valuation

To value Sarbottam Cement Limited we have used a total of five different methods.

S No.	Valuation Methods
1.	Net Asset Value (NAV) Per Share
2.	Valuation with reference to Earning Based Value per Share and Industry Price to Earnings
3.	Valuation with reference to Projected Earning Based Value per Share and Industry Price to Earnings
4.	Valuation with reference to average market price of similar stocks
5.	Price to Book Value (P/BV) of Similar Stocks Method

We have calculated valuation under each heading, which has been explained below, and then averaged the valuation of the above five method and derived the estimated price of the company.

1. Net Asset Value (NAV) per Share:

NAV has been referenced from the audited annual report of the company as of 2077/78.

2. Valuation with reference to Earning Based Value per Share and Industry Price to Earnings:

a. Method to determine valuation metrics

- Weighted average EPS has been determined by calculating last three years weightage average net profit and dividing the figure by current units of issued share.
- Weightage has been given on the basis of paid up capital in each year.
- Last 12 quarter EPS of peer companies have been determined and last 36 months price of the peer firm has been taken as reference. For each month P/E of individual stock has been calculated and then averaged to determine the average P/E of the company.
- Average P/E of the sector has been determined by averaging P/E of the peer companies.

b. Manufacturing and Processing Sector

- The list of peer companies within the sector has been taken from the provided list by www.nepalstock.com.np/company.
- Sample companies: BNL, NLO, BNT, UNL, HDL and SHIVM
- Estimated Valuation has been taken by multiplying the weighted EPS of the Sarbottam Cement with the average PE ratio of the sector.

c. Shivam Cement Ltd as peer company

- Estimated valuation has been taken by multiplying Shivam Cement's P/E with the weighted EPS of the Sarbottam Cement.

- Average of valuation based on manufacturing industry and Shivam Cement has been taken to come to final valuation under this method.

3. Valuation with reference to Projected Earning Based Value per Share and Industry Price to Earnings:

a. Method to determine valuation metrics



- i. Weighted average EPS of the Sarbottam Cement has been determined based on projection provided by the company and certified by Independent Chartered Accountant firm P.K & Associates, Chartered Accountants.
- ii. Weightage of 3, 2, and 1 has been provided to EPS of fiscal Year 2079/80, 2080/81, and 2081/ 82 respectively. Based on this weighted average EPS is calculated.
- iii. P/E of the peer firms has been calculated by taking the Nepali month end price (Last 36 Months) of the company, and the quarterly EPS respective to each time period. Price is divided by EPS in each period to determine P/E of 36 different period. Again, these 36 data point has been averaged to determine the average P/E.

b. Manufacturing and Processing sector

- i. The list of peer companies within the sector has been taken from the provided list by www.nepalstock.com.np/company
- ii. Sample company: BNL, NLO, BNT, UNL, HDL and SHIVM
- iii. Estimated valuation has been taken by multiplying the weighted EPS of the Sarbottam Cement with the average P/E ratio of the sector.

c. Shivam Cement as peer company

- i. Estimated Valuation has been taken by multiplying Shivam Cement's P/E with the weighted EPS of the Sarbottam Cement.

- d. Average of valuation based on manufacturing industry and Shivam Cement has been taken to come to final valuation under this method.

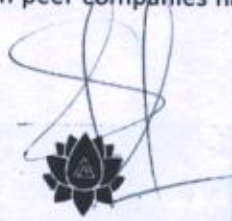
4. Valuation with reference to average price of similar stock

a. Companies with three years average EPS

- i. Peer companies have been determined based on 10% upper and lower range of the audited weighted average EPS of the company. Last three years audited EPS of peer companies have been taken however, where unavailable, unaudited EPS has been used and the three years EPS has been averaged to determine peer companies weighted EPS. If the peer companies weighted EPS is within the 10% range of the Sarbottam's weighted EPS, then such company has been referenced as peer companies.
- ii. Price of last 36 months of each company have averaged to determine the average price of each companies.
- iii. Then the average price of each companies has been averaged to determine the estimated valuation

b. Similar Paid Up Companies

- i. Sarbottam Cement Paid Up Capital has been taken as per the audited report of 2077/78.
- ii. Peer Companies latest Paid Up Capital has been referenced.
- iii. All the companies within the 10% range of paid up capital of Sarbottam has been included as the peer company.
- iv. Price of last 36 months of each peer companies have averaged to determine the average price of each companies.



v. Then the average price of each companies has been averaged to determine the estimated valuation.

c. Average of both the method has been taken to come to the average valuation under this method

5. Price to Book Value (P/BV) of similar Stock:

a. Company with Similar EPS

- i. Peer companies have been determined based on 10% upper and lower range of the audited weighted average EPS of the company. Last three years audited EPS of peer companies have been taken, however, where unavailable, unaudited EPS has been used, and the three years EPS has been averaged to determine peer companies weighted EPS. If the peer companies weighted EPS is within the 10% range of the Sarbottam's weighted EPS, then such company has been referenced as peer companies.
- ii. Audited Net Asset Value of Sarbottam Cement Ltd as of 2077/78 has been taken.
- iii. To determine the P/BV price of last 36 months of peer companies have been divided by the Book Value of respective quarter thus determining 36 different P/BV of each stock. Average P/BV of each stock is calculated, and then the average of all stocks average P/BV is calculated to determine the P/BV multiple.
- iv. Valuation is determined the multiplying the average P/BV with the Audited Net Assets Value of Sarbottam Cement Ltd.

b. Manufacturing and Processing

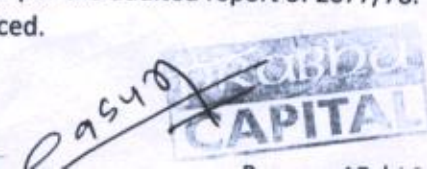
- i. The list of peer companies within the sector has been taken from the provided list by www.nepalstock.com.np/company
- ii. Audited Net Assets Value of Sarbottam Cement Ltd as of 2077/78 has been taken.
- iii. To determine the P/BV price of last 36 months of peer companies have been divided by the Book Value of respective quarter thus determining 36 different P/BV of each stock. Average P/BV of each stock is calculated, and then, the average of all stocks average P/BV is calculated to determine the P/BV multiple.
- iv. Valuation is determined the multiplying the average P/BV with the Audited Net Assets Value of Sarbottam Cement Ltd.

c. P/BV of SHIVM

- i. Shivam Cement has been referenced as peer company.
- ii. Audited Net Assets Value of Sarbottam Cement Ltd as of 2077/78 has been taken.
- iii. To determine the P/BV price of last 36 months of peer companies have been divided by the Book Value of respective quarter thus determining 36 different P/BV of each stock. Average P/BV of each stock is calculated, and then the average of all stocks average P/BV is calculated to determine the P/BV multiple.
- iv. Valuation is determined the multiplying the average P/BV with the Audited Net Assets Value of Sarbottam Cement Ltd.

d. P/BV of Similar Paid Up

- i. Sarbottam Cement Ltd Paid Up Capital has been taken as per the audited report of 2077/78.
- ii. Peer Companies latest Paid Up Capital has been referenced.



- iii. All the companies with in the 10% range of paid up capital of Sarbottam has been included as the peer company.
 - iv. Audited Net Assets Value of Sarbottam Cement Ltd as of 2077/78 has been taken.
 - v. To determine the P/BV price of last 36 months of peer companies have been divided by the Book Value of respective quarter thus determining 36 different P/BV of each stock. Average P/BV of each stock is calculated and then, the average of all stocks average P/BV is calculated to determine the P/BV multiple.
 - vi. Valuation is determined by multiplying the average P/BV with the Audited Net Assets Value of Sarbottam Cement Ltd.
- e. Average valuation of the four method has been used to determine the average valuation under P/BV of similar stock.

Notes to Valuation

1. We have referenced financial information from audited financial report of Sarbottam Cement Ltd and published data from various sources for other peer companies. Thus, slight deviation in data in special cases can occur in our valuation.
2. We have used diluted EPS of the Sarbottam Cement Ltd in each of our calculation.
3. Audited data has been taken where possible otherwise we have referenced the metrics from provisional unaudited report.
4. Monthly data of last 36 months (from Ashad 2076 to Jestha 2079) have been taken.
5. We have taken Nepal Stock Exchange Ltd's official website for price reference.

