

# GAURAV JAIN

IBBI REGISTERED VALUER (SFA)

Regn No. IBBI/RV/06/2021/13914

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## Valuation of Equity Shares Of

**Aditya Vision Limited**

**Valuation Date: January 24, 2024**

**Report Date: January 30, 2024**



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Regn No. IBBI/RV/06/2021/13914

Date- January 30, 2024

To,

**Board of Directors,**

**Aditya Vision Limited**

1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> Floor Aditya House,

M-20, Road No.26, S. K. Nagar,

Patna – 800 001, Bihar, India.

Dear Sir,

**Subject – Report on the Fair Value of equity shares of Aditya Vision Limited (“Company” or “AVL”) for preferential allotment of securities of the Company in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”).**

We have been asked by the Company to ascertain the fair value of the equity shares of the Company having a face value of Rs. 10/- each and the same has been arrived at as per the provisions of SEBI ICDR Regulations as the shares are frequently traded as on the relevant date *i.e.* January 24, 2024 and taking into consideration book value (Net Asset Value), profit earning capacity and such other parameters as are customary for valuation of shares of the Company.

Hence, this report is being provided solely for the captioned purpose only, based on the information as deemed necessary by us and provided by the Company.

Based on our analysis, as described in this valuation report, the estimate of value of Aditya Vision Limited as of January 24, 2024, was **Rs. 3,573.16 per share** for equity shares.

A detailed working of the valuation can be found in **Annexures** of this report. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.



Aditya Vision Limited

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## A. Background information of the asset being valued

Aditya Vision Limited (CIN: L32109BR1999PLC008783), on March 31, 1999 with the Registrar of Companies, Bihar as a private limited company under the provisions of the Companies Act, 1956. Subsequently, the Company was converted to public limited Company on September 21, 2016.

The Company is an ISO 9001:2015 certified Company engaged into retail business of consumer electronics, home appliances, camera, cam recorders, and mobile phones at various locations of Patna in the state of Bihar, India. They are a multi-brand, multi-product retail chain which stocks an entire range of consumer durables, right from air-conditioners, TVs, washing machines, refrigerators, microwaves, home theatre systems, mobile phones, small home appliances and many more.

They offer some of the popular brands such as LG, Samsung, Sony, Daikin, Videocon, Panasonic, Onida, Nikon etc. Also, they help in selecting products from multiple brands based on personalized requirements of a consumer.

## Shareholding Pattern of the Company January 19, 2024

Category of Shareholders	No. of Equity Shares	% of shareholding
Promoter & Promoter Group	7,130,367	59.3%
Public	4,898,133	40.7%
<b>Total</b>	<b>12,028,500</b>	<b>100.0%</b>

The Company is listed only on BSE Limited.

## B. Purpose of the valuation and appointing authority

We are given to understand that the Company intends to issue equity shares on a preferential basis to meet its funding requirement. In this regard, AVL has engaged us to carry out a valuation of equity shares of the Company as per requirements of Sub-Regulation 1 of Regulation 166A read with Sub-Regulation 4 of Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2018 and Clause 8(c) of Articles of Association of the Company under the Companies Act, 2013., on the relevant date being January 24, 2024.

## C. Identity of the Registered Valuer

Name of the Valuer

**RV Gaurav Jain**

IBBI Registration Number

**IBBI/RV/06/2021/13914**

## D. Use of work of Expert

We have not used the work of any other experts in the valuation assignment.



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## E. Disclosure of valuer's interest or conflict, if any

We hereby confirm and explicitly declare that we are independent valuers and do not have any interest, direct or indirect, in the underlying securities being valued.

## F. Date of appointment, valuation date and date of the valuation report

Date of appointment	January 24, 2024
Valuation date	January 24, 2024
Date of valuation report	January 30, 2024

## G. Inspections and / or investigations undertaken

We have not carried out any inspection or independent verification of the information provided. We have relied on the publicly available information, the board approved audited financial statements, and other financial and non-financial information made available to us as well as the representations made to us in the course of this engagement.

## H. Nature and sources of the information used or relied upon

In the course of our valuation analysis, we have relied on various financial and non-financial information obtained from the company and from various public, financial and industry sources. We have relied on all information provided by the Company which has been duly approved by the concerned authority to which it pertains to. Our conclusion of value is dependent on such information being complete and accurate in all material respects. The principal sources of Information used in the course of our valuation include, inter alia:

### 1. Company specific information

- Brief history, present activities and business profile etc.;
- Memorandum of Association and Article of Association;
- Audited financial statements for the year ended FY2020-21, FY2021-22, FY2022-23;
- Written representations made by the Company in course of the valuation exercise;
- Trading history data of equity shares of AVL for the one year from relevant date;
- Other related information from various sources;

### 2. Publicly available information

External data bases subscribed to the valuer.



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It is important to note that we have relied upon the information provided to us and referred to above. We have not endeavored to seek an independent confirmation of its reliability, accuracy or completeness beyond what is reasonably necessary and prudent in the circumstances. We have not performed any form of audit or verification of the information that we have relied upon. Accordingly, the valuer accepts no responsibility for any errors in the information on which the valuation conclusions are based.

## I. Valuation Methods / Parameters adopted

1. Asset Approach - Net Asset Value (NAV)
2. Income Approach - Price Earning Capacity Value (PECV)
3. Market Approach - Market Value (As per SEBI ICDR Regulations)

### 1. Asset Approach - Net Asset Value (NAV)

The Net Asset Value method represents the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date. Net assets 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 the 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 the assets side of the balance sheet in the above manner will be cross-checked with equity share capital plus free reserves and surplus, less likely contingent liabilities.

Refer **Annexures** for the detailed working of Net Asset Value.

### 2. Income Approach - Price Earning Capacity Value (PECV)

The PECV method focuses on the post income generated by the Company as well as the future earning capability of the business enterprise. The PECV method requires the determination parameters, which are relevant to the Company whose shares are being valued. These are (i) the 'future maintainable profits', (ii) the 'appropriate income tax rate' and (iii) the 'expected rate of return'. The value is determined by capitalizing the future maintainable profits (net of tax) by the expected rate of return.

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 valuation is for the future and that 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.

Based on discussions with the Company and our independent research, we understand that there are listed companies which, can be considered to be closely comparable to the business of the Company. Hence, we have used this method in the present valuation exercise to value the business of the Company.

Refer **Annexures** for the detailed working of PECV method.



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### 3. Market Approach - Market Value

The equity shares of the Company are listed on the BSE Limited ("BSE") for a period of more than 90 trading days as on the relevant date i.e., Wednesday, January 24, 2024, and are frequently traded in accordance with SEBI ICDR Regulations.

The price computed above is in consonance with Regulation 166A of Securities and Exchange Board of India (ICDR) (Amendment) Regulations, 2022 vide Notification No. SEBI/LAD-NRO/GN/2022/63 dated 14<sup>th</sup> January, 2022, which mandates that preferential issue of equity shares which may result in a change in control or allotment or more than five percent, shall conform to the pricing provisions of preferential issue specified under Regulation 164 of the SEBI ICDR Regulations.

In terms of Regulation 164(1) of SEBI (ICDR) (Amendment) Regulations, 2022, the price at which equity shares shall be allotted shall not be less than higher of the following:

- a. the 90 trading days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date. Or
- b. the 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Further, the Regulation 164(4) of SEBI (ICDR) (Amendment) Regulations, 2022 states as mentioned below:

- a. A preferential issue of specified securities to qualified institutional buyers, not exceeding five in number, shall be made at a price not less than the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Since the proposed allotment will be made upto five Qualified Institutional Buyers (QIBs), the pricing will be applicable as per Regulation 164(4) of SEBI ICDR Regulations.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

In this regard the clause 8(c) of Articles of Association of the Company categorically mention that the Articles of Association of the Company provides that the price of the equity shares is determined by the valuation report of a registered valuer subject to the rules under the Companies Act, 2013.

Further, as the proposed allotment of for more than five percent of the post offer paid-up capital of the Company, the Company, hence, needs a fair valuation report on valuation of equity shares of Company for computation of the price for preferential issue of equity shares to the Allotees, in compliance with the provisions of regulation 164 of the SEBI ICDR Regulations.



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## Calculation of Minimum Issue Price as prescribed under Regulation 164 (4) of SEBI (ICDR) Regulations

**Frequently Traded Shares:** The equity shares as considered as Frequently traded shares under the provisions of Regulation 164(5) of SEBI (ICDR) Regulations.

- A. The 10 Trading Days Volume Weighted Average Price of the related equity shares quoted on the Recognized Stock Exchange (BSE) preceding the relevant Date: (i.e., from 10-01-2024 to 23-01-2024).

$$\frac{TO1+TO2+\dots\dots\dots TO10}{Q1+ Q2+\dots\dots\dots Q10} =$$

$$Q1+ Q2+\dots\dots\dots Q10 =$$

Where,  $TO_n$  = Total turnover in the scrip on 'nth' trading day

$Q_n$  = Number of shares of the scrip traded on 'nth' trading day

Refer **Annexures** for the detailed working of Market Price Method.

### **J. Valuation Analysis**

In terms of first proviso to the Sub-regulation 1 of Regulation 166A read with Sub-regulation 1 of Regulation 166A and Sub-Regulation 4 of Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and by using the Valuation Parameters, the following is the Valuation Analysis of equity shares of the Company.

Sr. No.	Valuation Parameters	Value per equity share (in Rupees) (A)	Weights (B)	Weighted (in Rupees) (A) * (B)
1	<b>Asset Approach</b> - Net Asset Value (NAV)	113.30	0%	-
2	<b>Income Approach</b> - Price Earning Capacity Value (PECV)	978.2	0%	-
3	<b>Market Approach</b> - (As per Regulation 164(4) of SEBI ICDR Regulations)	3,573.16	100%	3,573.16
	<b>Relative Value per share</b>			<b>3,573.16</b>

**Note: Since the value under Market Price Approach (as per Regulation 164(4) of SEBI ICDR Regulations) is the highest, we have given 100% weightage to the Market Price Approach.**

In case allotment is made upto 5 QIBs, then the valuation based on the market value method is also Rs. 3,573.16 under Regulation 164(4) of SEBI ICDR Regulations (i.e. the 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date).

### **K. Restrictions on use of the valuation report, if any**

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This valuation report is meant for use for the limited purpose of issue of Securities as on the valuation date or on a date close to the valuation date. It should not be used for any other purpose or by any other person. Further, the valuation report is based on the available financial information from the company and publicly available sources which we believe to be accurate. We accept no responsibility for any errors in the information on which the valuation conclusions are based.

## L. Conclusion

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment considering all the relevant factors. Valuation is an art, not an exact science. There will always be factors which are not evident from the face of the balance sheets, but which strongly influence the value of an asset, and that is where the valuer's judgment plays a part. The determination of value is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual professional judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single fair value. While we have provided our recommendation of fair value based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair value of equity shares of the Company. The final responsibility for the determination of the price at which the issue of equity shares take place will be with the Company who should consider other factors such as their own assessment.

In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, we conclude as under:

Sr. No	Particulars	Equity value per share (Rs.)
1	<u>Asset Approach</u> - Net Asset Value (NAV)	113.30
2	<u>Income Approach</u> - Price Earning Capacity Value (PECV)	978.2
3	<u>Market Approach</u> - (As per Regulation 164(4) of SEBI ICDR Regulations)	3,573.16
	<b>Higher of the above</b>	<b>3,573.16</b>

In the light of the above and in consideration of all the relevant factors and circumstances as discussed and referred to in this Report, in our opinion, in terms of the Regulations, the floor price per equity share of face value of Rs. 10/- each fully paid up of the Company is **Rs. 3,573.16 (Rupees Three Thousand Five Hundred Seventy-Three and Sixteen Paise only) per equity share** for preferential allotment in accordance with SEBI ICDR Regulations on a Fair Value basis as at the Valuation Date of January 24, 2024.





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## **Caveats, limitation and disclaimers to the extent they explain or elucidate the limitations faced by valuer**

The report is subject to the scope and 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.

1. This report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. The Company is the only authorized user of this report and is restricted for the purposes indicated in the engagement letter. The report should not be copied or reproduced without obtaining any prior written approval for any purpose other than the purpose for which it is prepared.
2. 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.
3. The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the balance sheet but could strongly influence the value.
4. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients' existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
5. We do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
6. The client and its management/representatives warranted us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on the part of the companies, their directors, employee or agents.
7. We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.\



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8. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
9. We owe responsibility only to the authority/client that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on the part of the client or companies, their directors, employees or agents.
10. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
11. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.
12. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

**Date: January 30, 2024**

**Place: Delhi**

  
RV Gaurav Jain  
IBBI R. No.: IBBI/RV/06/2021/13914  
UDIN: 24512348BKAVIZ2659



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## Annexure-A – Asset Approach - Net Asset Value Method

Particulars	(INR in Million)
	March 31, 2023
<b>Non-Current Assets</b>	
PPE	556.3
Capital Work in Progress	80.5
Right of use of assets	1,273.1
Other Financial Assets	575.7
Deferred Tax Assets (Net)	70.7
<b>Total non-current assets</b>	<b>2,556.2</b>
<b>Current Assets</b>	
Inventories	2,938.0
Trade receivables	1.5
Cash and Cash Equivalents	35.2
Short term loans and advances	95.6
Other Financial Assets	284.3
Other Current Assets	264.6
<b>Total current assets</b>	<b>3,619.3</b>
<b>Current Liabilities &amp; Provision</b>	
Short-term Borrowings	2,517.5
Trade Payables	536.1
Other Financial & Lease liabilities	131.1
Other current liabilities	62.3
Other Provisions	13.7
<b>Total current liabilities &amp; provision</b>	<b>3,260.7</b>
<b>Net Current Assets</b>	<b>358.6</b>
<b>Non - Current Liabilities and Provisions</b>	
Long Term Borrowings	188.2
Lease Liabilities	1,363.7
<b>Total non-current liabilities</b>	<b>1,552.0</b>
<b>Net Assets value</b>	<b>1,362.9</b>
No. of shares (Nos.)	12,028,500
<b>Book Value per share (INR)</b>	<b>113.3</b>

*Note – Based on the discussions with the Management, we have considered the financial statements as of March 31, 2023, for the Net Asset Value calculation purposes.*



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## Annexure-B

### Income Approach - Price Earning Capacity Value (PECV) method

Financial Year	Profit After Tax (PAT) [Rs. in millions]
FY21	204.4
FY22	352.8
FY23	641.4
<b>Average profit after tax</b>	<b>399.6</b>
Capitalization Rate (%)	3.40%
<b>PECV (Average Profit After Tax / Capitalization Rate)</b>	<b>11,765.9</b>
Number of equity shares (Nos.)	12,028,500
<b>Equity value per share (Rs.)</b>	<b>978.2</b>



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## Annexure-C Calculation of 10 Trading Days

Trading Days	Date	No. of Shares	Turnover (Rs.)
1	23-Jan-24	15,915.0	55,258,398.0
2	20-Jan-24	21,123.0	75,520,145.0
3	19-Jan-24	7,461.0	26,880,350.0
4	18-Jan-24	7,036.0	24,789,263.0
5	17-Jan-24	6,489.0	23,091,944.0
6	16-Jan-24	17,375.0	62,595,280.0
7	15-Jan-24	12,778.0	46,216,700.0
8	12-Jan-24	3,075.0	11,158,798.0
9	11-Jan-24	5,067.0	18,431,977.0
10	10-Jan-24	7,305.0	26,322,036.0
<b>Total</b>		<b>103,624</b>	<b>370,264,891</b>
<b>Volume Weighted Average Price per Equity Share (Rs.)</b>			<b>3,573.16</b>

### Summary of Market Price Method

Particulars	10 Trading Days
Valuation Date	24-Jan-24
Cut Off Date	10-Jan-24
Total Turnover (Rs.)	370,264,891
Total Volume (No. of Equity Shares)	103,624
<b>Volume Weighted Average Price per Equity Share (Rs.)</b>	<b>3,573.16</b>

### Calculation of Frequently Traded Shares

Particulars	Number
Weighted Average Number of Equity Shares	12,028,500
Total Volume Traded during 240 Trading Days Period	4,764,152
<b>% of Shares Traded during 240 Trading Days Period</b>	<b>39.61%</b>

