

VRN:

VALUATION REPORT FOR THE PROPOSED SCHEME OF AMALGAMATION

(under Sections 230- 232 and other applicable provisions of Companies Act, 2013)

OF

VYAPARA VIJAYAM HIRE PURCHASE PRIVATE LIMITED

(TRANSFEROR COMPANY)

WITH

VYAPARAVIJAYAM TRADES AND AGENCIES PVT LTD

(TRANSFeree COMPANY)

INTRODUCTION & BRIEF BACKGROUND INFORMATION OF THE COMPANIES

- VYAPARA VIJAYAM HIRE PURCHASE PRIVATE LIMITED** (hereinafter referred to as the ‘**Transferor Company**’) is a Private Company which was originally incorporated on the 17th May 1990 under the Companies Act, 1956 under the name “VYAPARA VIJAYAM HIRE PURCHASE PRIVATE LIMITED”. The registered office of the Transferor Company is situated at Adam Bazar, Eastern Rice Bazar, Thrissur, Kerala - 680001. The Transferor Company is engaged, *inter alia*, in the business of hire purchase business of vehicle, etc., to purchase plots and construct small houses and sell them on hire purchase, act as a corporate agent of any general insurance company and carries on the business of lending money on interest with or without security on pronotes or bonds on the personal guarantee of one or more solvent individuals. (hereinafter referred to as the ‘**Business of the Transferor Company**’).

The Authorized, Issued, Subscribed and Paid-up capital of the Transferor Company as on 31st March 2024 is as follows:

Particulars	Amount
Authorized Capital:	2,00,00,000/-
Issued, Subscribed and Paid-up Capital:	1,90,50,000/-

Subsequent to 31st March, 2024, there has been no change in the authorized, issued, subscribed and paid up of capital of the Transferor Company.

- VYAPARAVIJAYAM TRADES AND AGENCIES PVT LTD** (hereinafter referred to as the ‘**Transferee Company**’) is a Private Company which was originally incorporated on the 28th January 1987 under the Companies Act, 1956 under the name “VYAPARAVIJAYAM TRADES AND AGENCIES PVT LTD”. The registered office of the Transferee Company is situated at First Floor, Adam Bazar Eastern Bazar, Thissur, Kerala - 680001. The Transferee Company is engaged, *inter alia*, in business as dealers, distributors and agents for selling furniture, home

appliances, steel furniture, pharmaceutical drugs, bottled or canned tonic foods & fruits and carries on the business of lending money on interest with or without security on pronotes or bonds on the personal guarantee of one or more solvent individuals. (hereinafter referred to as the **'Business of the Transferee Company'**).

The Authorized, Issued, Subscribed and Paid-up capital of the transferee Company as on 31st March 2024 is as follows:

Particulars	Amount
Authorized Capital:	2,50,00,000/-
Issued, Subscribed and Paid-Up capital:	2,11,31,990/-

Subsequent to 31st March 2024, there has been no change in the authorized, issued, subscribed and paid up of capital of the transferee Company.

PURPOSE OF VALUATION AND APPOINTING AUTHORITY

The Board of Directors of **"Vyapara Vijayam Hire Purchase Private Limited"** (Transferor Company), and **"Vyaparavijayam Trades And Agencies Pvt Ltd"** (Transferee Company) are contemplating to amalgamate the Transferor Company with the Transferee Company ("Proposed Amalgamation"). Accordingly, the valuation of equity shares of the Transferor Company and Transferee Company is required for compliance with Section 232 of the Companies Act, 2013 ("Purpose").

We further understand that as per the draft Scheme, Vyapara Vijayam Hire Purchase Private Limited is proposed to be amalgamated into Vyaparavijayam Trades And Agencies Pvt Ltd. As a consideration for the Proposed Amalgamation, equity shareholders of the Transferor Company would be issued equity shares of Transferee Company, in lieu of their shareholdings in the Transferor Company.

For the aforesaid purpose, the Board of Directors have appointed me, S Sandeep, a Registered Valuer, to recommend a share exchange ratio / share entitlement ratio, for the issue of Transferee Company's equity shares to the equity shareholders of the Transferor Company.

The scope of our services is to conduct a relative valuation of equity shares of the Companies and report a fair exchange ratio for the Proposed Amalgamation in accordance with internationally accepted International Valuation Standards and Guidance Notes of the International Valuation Standards Council (IVSC).

IDENTITY OF THE VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION

I, S. Sandeep, am a registered valuer, registered with IBBI (IBBI Regn. No. IBBI/RV/02/2019/11374) holding Certificate of Practice (No. IOVRV00611SFA) to practice as a Valuer for Asset Class Securities or Financial Assets registered under IOV Registered Valuers Foundation, a Section 8 Company recognised by IBBI.

DISCLOSURE OF VALUER INTEREST/CONFLICT, IF ANY

I do not have any interest or conflict of interest of any kind in connection with this valuation being undertaken by me.

DATE OF APPOINTMENT, VALUATION DATE AND DATE OF REPORT

Date of appointment as registered valuer pursuant to the resolution passed by the Board of Directors	: 14th March 2024
Date of valuation	: 31 st March 2024
Date of report	: 30 th May 2024

INSPECTIONS AND / OR INVESTIGATIONS UNDERTAKEN

I have examined the sources of information as requested for and provided by the Company for the purpose of valuation as stated under the clause “Nature and Sources of Information” in this Report.

NATURE AND SOURCES OF INFORMATION

- Company Profile
- Particulars of shareholders / directors and governance framework in the Company.
- Organization structure
- The audited financial statements of Transferor Company and Transferee Company for the financial year ended on 31st March 2023 along with the audit reports of the statutory auditors.
- The provisional financial statements of Transferor Company and Transferee Company for the financial year ended on 31st March 2024.
- Copies of the annual reports of the Transferor Company and Transferee Company for the financial year ended 31st March 2023
- Copies of the Memorandum and Articles of Association of the Transferor Company and Transferee Company
- Shareholding Pattern as on 31st March 2024
- Draft of the proposed scheme of amalgamation under Section 230 to 232 of the Act
- Information and explanations given to us.
- Discussions with the representatives of the Companies regarding the financial statements and other aspects of the Company in relation to the Valuation.
- Management Representation Letter

The Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of my standard practice to make sure that factual inaccuracies/ omissions are avoided in the final Report.

PROCEDURES ADOPTED IN CARRYING OUT THE VALUATION AND VALUATION STANDARDS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation.

- Requested and received financial and qualitative information
- Analysis of the financial and other data.
- Obtained data available in public domain
- Discussions (physical/over call) with the Management to understand the business and fundamental factors that affect its earning-generating capability including historical financial performance.
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate.
- Preparation of Valuation report.
- Submission of draft Valuation report to the Company.
- Submission of final Valuation report to the Company.

The principal valuation approaches used are:

- a) Market Approach
- b) Income Approach
- c) Cost /Asset Approach

MARKET APPROACH

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The market approach should be applied and afforded significant weight under the following circumstances:

- (i) The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value,
- (ii) The subject asset or substantially similar assets are actively publicly traded, and/or
- (iii) There are frequent and/or recent observable transactions in substantially similar assets.

The heterogeneous nature of many assets means that it is often not possible to find market evidence of transactions involving identical or similar assets. Even in circumstances where the market approach is not used, the use of market-based inputs can be used in the application of other approaches (e.g. valuation metrics such as effective yields and rates of return).

INCOME APPROACH

The income approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. The income approach should be applied and afforded significant weight under the following circumstances:

- (i) The income-producing ability of the asset is the critical element and one of several factors affecting affecting value from a participant perspective;
- (ii) Reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables;
- (iii) There is a lack of access to information related to the subject asset (for example, a minority owner may have access to historical financial statements but not forecasts/budgets);

A fundamental basis for the income approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment.

The methods under the income approach are effectively based on discounting future amounts of cash flow to present value.

COST / ASSET APPROACH

The cost/asset approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The cost approach can be applied and afforded significant weight under the following circumstances:

- (i) participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately;
- (ii) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible; and/or
- (iii) the basis of value being used is fundamentally based on replacement cost, such as replacement value.

Broadly, there are three cost approach methods:

- a) **Replacement cost method:** a method that indicates value by calculating the cost of a similar asset offering equivalent utility,
- b) **Reproduction cost method:** a method under the cost that indicates value by calculating the cost to recreating a replica of an asset, and
- c) **Net Asset Value method:** a method that calculates the value of an asset by the addition of the separate values of its component parts and adjusting the same against the current and non-current liabilities.

Approach and Methodology used:

The application of any particular method depends on the purpose for which the valuation is done. Although different value may exist for different purpose, it cannot be emphasized that a valuer can arrive at one value for one purpose.

I have valued the Companies using the Asset approach as per the Net Asset Value method, as this method represents the value of the business with reference to the asset base of the entity and the liabilities as on the valuation date, 31st March 2024. While undertaking the valuation, I have considered the relevant points listed out in the Companies (Registered Valuers and Valuation) Rules. Considering the factors, I have used Asset-based approach as per Net Asset Value Method to derive the fair value of Equity Shares as at 31st March 2024.

RESTRICTIONS ON USE OF THE REPORT, IF ANY

This report shall be used only in connection with the proposed Scheme of Amalgamation. This Report is prepared exclusively for the aforesaid purposes as stated in this report and shall not be used for any other purpose without prior written consent of Mr. S Sandeep.

MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

Apart from information as requested for and provided by the Transferor Company and Transferee Company for the purpose of valuation as enumerated under the clause “Nature & Sources of Information” in this report and Key Terms of the Proposed Amalgamation.

CONCLUSION

Based on my analysis, as described in the valuation report and subject to the assumptions presented herein, the recommended Share Exchange Ratio for the proposed amalgamation is as follows:

Transferor Company

Share Exchange Ratio: 7662.30

“For every 100 shares of Transferor Company, 7,66,230 shares of Transferee Company will be issued” (“Share Exchange Ratio”)

For the purpose of this Valuation Report:

- **“Transferor Company Shares”** shall mean Equity Shares of the Transferor Company;
- **“Transferee Company Shares”** shall mean fully paid up equity shares of the Transferee Company, each having a face value of INR 10/- (Indian Rupees Ten only) and 1 (one) vote per equity share;
- **“Equity Shares”** shall mean fully paid up equity shares of the Transferor Company, each having a face value of INR 10/- (Indian Rupees Ten only)

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

Thanking you.
Yours faithfully,

S SANDEEP
REGISTERED VALUER

CAVEATS, LIMITATION AND DISCLAIMERS

This Valuation Report has been prepared for the exclusive use of the Company for the purpose as stated in this report. Therefore, this Report may not be disclosed, in whole or in part, to any third party or used for any purpose whatsoever other than those indicated in the Engagement and in the Report itself, provided that the Report may be transmitted in compliance with the law and its content may be disclosed publicly where required by regulations of the Indian authorities.

This Report, its contents and the results herein are (i) specific to the purpose of valuation agreed as per the terms of engagement; (ii) the valuation date and (iii) are based on the data detailed in the section - Nature and Sources of Information.

Events occurring after the date hereof may affect this Report and factors used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

Any other use, in whole or in part, of the Report will have to be agreed and authorised in writing by Mr S Sandeep. In preparing the Valuation Report, Mr S Sandeep has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by the Company.

Neither all nor any part of the contents of this report should be disseminated to the public through advertising media, public relations, news media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of Mr S. Sandeep.

The recommendation rendered in this Report only represent my recommendation based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non - binding advice, (my recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinions needs to be taken from expert advisors)

The determination of share exchange ratio is not a precise science and the conclusions arrived at in many cases will, necessarily be subjective and dependent on the exercise of individual judgement. While I have provided my recommendation of the share exchange ratio based on the information available to me and within the scope and constraints of my engagement, others may have a different opinion as to the share exchange ratio.

In the course of the valuation, I was provided with both written and verbal information, including financial and operating data as detailed in the section - Sources of Information.

I have not independently audited or otherwise verified the financial information provided to me. Accordingly, I do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, I have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. My conclusion is based on the Information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect the valuation results.

The conclusions described in the Valuation Report have been prepared with the sole purpose for the proposed Amalgamation; the values contained in this Final Report have no relevance for other purposes

and are based on the whole of the valuations contained herein and therefore no part of the Final Report may be used apart from the document in its entirety

Annexure: Share Entitlement / Exchange Ratio for the purpose of Merger:

Vyparavijayam Traders And Agencies		
Net Asset Value Method - As at 31 March 2024		
		Rs.
As per Provisional Balance Sheet as at 31st March 2024		
Property, plant and equipment		52,65,393
Investments		6,04,400
Other Non current Assets		1,28,67,800
Current Investments, Assets, Loans And Advances	12,79,31,467	
Less: Current Liabilities And Provisions	55,05,799	
		12,24,25,668
		14,11,63,261
Less: Non Current Liabilities	12,10,02,140	
		12,10,02,140
		2,01,61,121
Add: Deferred tax Asset / Liability		1,44,844
		2,03,05,965
Less: Contingent Liabilities (the expected outcome of which is likely to result in a loss)		0
NET ASSETS VALUE as on 31/03/2024		2,03,05,965
Number of equity shares issued, subscribed and paid up as on 31/03/2024	21,13,199	
Fair Value of an Equity Share		10

Vyparavijayam Hire Purchase Private Limited		
Net Asset Value Method - As at 31 March 2024		
		Rs.
As per Provisional Balance Sheet as at 31st March 2024		
Property, plant and equipment and other intangibles		11,11,697
Investments		2,77,600
Other Non current Assets		1,39,78,637
Current Investments, Assets, Loans And Advances	1,79,50,479	
Less: Current Liabilities And Provisions	26,24,908	
		1,53,25,571
		3,06,93,506
Less: Non Current Liabilities	18,30,000	
		18,30,000
		2,88,63,506
Add: Deferred tax Asset / Liability		3,29,824
		2,91,93,330
Less: Contingent Liabilities (the expected outcome of which is likely to result in a loss)		0
NET ASSETS VALUE as on 31/03/2024		2,91,93,330
Number of equity shares issued, subscribed and paid up as on 31/03/2024	381	
Fair Value of an Equity Share		76,623

Fair Value Per Share of the Transferor Company (Rs)	76,623
Fair Value Per Share of the Transferee Company (Rs)	10
SWAP / Exchange Ratio	7,662.30