

VALUATION REPORT

VARIMAN GLOBAL ENTERPRISES LIMITED

UDIN: 23239653BGUYHB9278

APRIL-2023

Private & Confidential



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I. Introduction

The objective of this exercise is to estimate the Fair Market Value of the equity shares of Company Variman Global Enterprises Ltd (for brevity 'VGEL') as of 31st December, 2022 for the purpose of allotment of shares of the company as per Companies Act, 2013.

II. Scope & Purpose

Valuers have been requested by the Company for determining the Fair market value of equity shares for the purpose of allotment of shares of the company.

The standard of value used in our valuation of the "Company" is Fair Market Value. Fair Market Value is the price, in cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

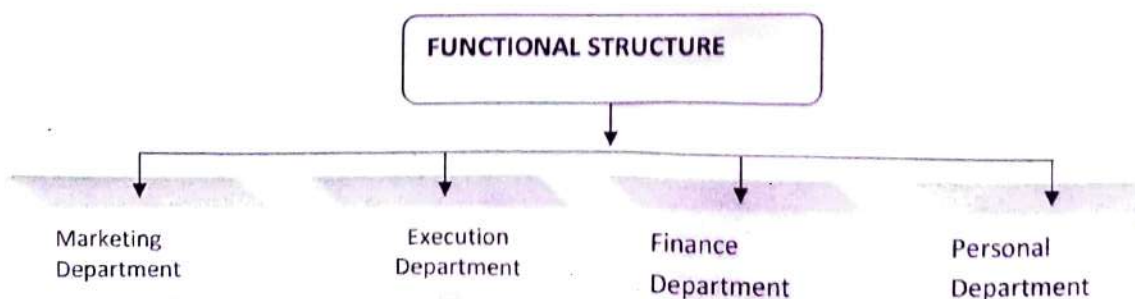
Our opinion of Fair Market Value relies on a "value in use" or going concern premise. This premise assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder's value.

Our analysis considers those facts and circumstances present at the Company at the Valuation Date. Our opinion would most likely be different if another Valuation Date was used.

We have carried out a relative valuation of the equity shares of Variman Global Enterprises Ltd (VGEL) with a view to arrive at value for the purpose of preference share allotment of shares of the company.

To arrive at our conclusion of Fair Market Value, we used Net Asset Value, Discounted Cash flow & Market Price Method.

i. Organisation Structure:



III. Disclosure of Interest

CA or relatives are not related to any of the above company and do not have any interest in the companies.

IV. Details of Appointment

We have been appointed by the board of directors vide letter dated to carry out the valuation process for determination of fair price of equity share.

V. Valuation Standards

There are a large number of factors to consider when estimating the common stock value of any business entity. These factors vary for each valuation depending on the unique circumstances of the business enterprise and general economic conditions that exist at the effective date of the valuation.

In the valuation of the stock of closely held businesses, the following factors, although not all inclusive, are fundamental and require careful consideration in each case:

- a. The nature of the business and the history of the enterprise from its inception.
- b. The economic outlook in general and the condition and outlook of the specific industry in particular.
- c. The book value of the stock and the financial condition of the business.
- d. The earning capacity of the company.
- e. The dividend-paying capacity.
- f. Whether or not the enterprise has goodwill or other intangible value.
- g. The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over the counter.

Based on circumstances unique to the Company additional factors have been considered.

The techniques are commonly divided into general approaches, i.e., the Asset, Income, Market and Other approaches. Specific methods are then used to estimate the value of the total business entity under each approach.

Further, application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values can be arrived at for different purposes, it cannot be too strongly emphasized that a Valuer can only arrive at one value for one purpose. Our conclusion of Fair Market Value is determined based on the results of Market Price Method and the specific circumstances surrounding the interest being valued.

VI. Introduction & Background(VGEL):



Variman Global Enterprises Limited is a Public Limited Company incorporated on 20th December 1993. It is classified as Non-govt company and is registered at Registrar of Companies, Hyderabad. Its authorized share capital is Rs.21,00,00,000 and its paid-up capital is Rs.19,45,81,000.

Variman Global Enterprises Limited's Corporate Identification Number is (CIN) L67120TG1993PLC016767, Email address infospringfieldssec@gmail.com and its registered address is at 1-2-217/10, 3rd & 4th Floor Gagan Mahal, Domalguda Hyderabad TG 500029 India.

The company is in the business of IT Infrastructure Solutions, FMCG & IT Distribution and HP Managed Print Services. Managed by seasoned professionals with more than 25 years of experience in Sales, distribution and Customer support in various businesses and achieving customer delight through world class support policy. 25 years of excellence and much more, Variman Global Enterprises Ltd. is the distribution giant that creates opportunities for enterprise advancement for its channel partners through aggressive market development and continuous improvement through agility. Our powerful advantages with our services across Telangana lets our 800+ online & offline retailers, resellers and system integrators enjoy doing business at ease.

Variman Global Enterprises Ltd. acts as a strategic link between vendors and partners, by making them ready for unprecedented levels of business performance by catering to SOHO, SMB, Mid size, Large Enterprises and Government Organizations across various industry verticals.

Vision

To be a world class technology products & services distribution company with strong values and beliefs.

Mission

To deliver superior value to our Customers, Vendors, Shareholders, Employees and Society at large.



STRATEGY

- Team Work
- Reliability & Commitment
- Sustainability
- Innovation and Excellence
- Building Strong Communities

VALUES

Variman Global Enterprises Ltd has a team of dedicated young professionals having high standards of business acumen, commitment enriched by years of experience, management expertise & ability to deliver efficiently.

Team Work

- Respecting the individual;
- Inculcating fellow feeling and team spirit across the organization; and
- Learning from one another, looking beyond one's own area of work to assist in the completion of tasks and recognizing others' performance.

Customer Loyalty

- Providing sincere and prompt customer service;
- Building customer awareness about future product and market trends;
- Maintaining the quality norms & standards; and
- Setting quality benchmarks.

Valuation date & Source of Information

The date of valuation considered is 31st December, 2022. The key presentation provided by the management for the purpose of valuation analysis is that the Projected financial statements. In addition to these, we have been provided the following other information for our valuation analysis.

- Information on business and profile provided by the management of Variman Global Enterprises Limited.
- Other industry related information from various sources.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executive and representatives of Variman Global Enterprises Limited.

It may be mentioned that Variman Global Enterprises Limited has been provided opportunity to review the draft report (excluding our valuation analysis and recommendation) for the current job as part of our standard practice to make sure that factual inaccuracies are avoided in our report.



IX. Valuation Analysis

Valuation Methodologies:

Valuation of the enterprise or its equity shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay goodwill. This exercise may be carried out based on the generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business
- Listing and liquidity of the equity
- Economic life cycle in which the industry or the company is operating and
- Extent to which and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. In this regard, we have evaluated suitability of four commonly used approaches of valuation to determine the fair value of three companies. After arriving at the values based on appropriate methods, we have assigned weightings to these methods to determine the fair value for the three divisions.

1) Net Assets Method (NAV):

The value arrived at under this approach is based on the estimated financial statements of the business and may be defined as Shareholder's Funds or Net Assets owned by the business. The Net Assets Value is generally used as the minimum break-up value for the transaction. This methodology calculates the underlying net Assets of the business, either on a book value basis or realizable value basis or replacement cost basis. We have not used the said method to estimate the value of the companies.

2) Discounted Cash Flow Method (DCF):

The DCF method uses the future free cash flows of the division discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business, considering that this method is based on future potential and is widely accepted, we have included this approach in the valuation exercise.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the expected to be generated by the company that is available to all provides of the company's Capital-both debt and equity.

Appropriate discount rate to be applied to cash flows i.e., the cost of capital



This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely share-holders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of Return the capital provider Expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, the amount of loans has to be adjusted to arrive at the total value available to the equity shareholders. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share of the **VGEL, SBSPL & VVESPL** companies.

3) Stock Exchange Quotation or Market Price Method:

This valuation reflects the price that the market at a point in time is prepared to pay for the shares. It is therefore influenced by the condition of the stock market, the concerns and opportunities that are seen for the business in the sector or market in which it operates.

The market price is also reflecting the investor's view of the ability of the management to deliver a return on the capital it is using. In the case of companies not frequently traded, this value may be very different from the inherent value of the shares, but nevertheless forms a benchmark value. We have adopted this method for valuation of **VGEL** as it is listed company and market prices are available.

Valuation Analysis:

We have carried out the valuation analysis as described above, based on the fundamental assumption of going concern for the business under consideration. The detailed analysis and the assumptions made these purpose are given below:

Method 1: Net Asset Value Method (NAV)

Net Asset Value Method of VGEL: In order to assess the NAV of the Company, we have used the Provisional financial statements for the Period ended 31st December, 2021. The estimated value arrived under this approach using the shareholders' funds of Net Assets owned by the business as at 31st December, 2021 is **Rs.1744.48 Lakhs**.

VALUATION AS ON 31.12.2022 - NAV METHOD

PARTICULARS	Rs. In Lakhs
Fixed Assets (net block)	15.69
Capital work in progress	81.20
Investments	459.00
Differed Tax Asset	4.56
Current Assets	
Inventories	335.53
Trade Receivables	1,350.45



Cash & Bank	65.17
Loans	907.16
Other Current Assets	687.78
Total Assets	3,906.53
Borrowings	289.99
Current Liabilities	
Borrowings	583.55
Trade Payables	430.71
Short-term Provisions	-
Other Current Liabilities	4.64
Current Tax Liabilities	72.25
Total liabilities	1,381.13
Less: Differed Tax Asset	4.56
NET VALUE	2,520.84
No. of Equity Shares outstanding	181.68
Value per Share	13.88

Source: Provisional financial statements of VGEL.

Method 2: Discounted Cash Flow Method (DCF)

Estimated Free Cash Flows:

For the purpose of valuation exercise, we have considered a five-year projected period i.e, from the financial year 2023 to 2026.

The cash flow projections as on a free cash flow to equity (FCFE) basis are summarized below:

Discounted Cash Flow Method of VGEL:

(Rs. In lakhs)

Particulars	2021-22 Audited	2022-23 Estimated	2023-24 Proj	2024-25 Proj	2025-26 Proj	2026-27 Proj
PAT	5.75	163.79	220.24	269.85	329.42	400.97
Add: Depreciation & Amortisation	8.11	5.31	5.51	5.51	5.51	5.51
Less: Changes in working capital	-	234.29	284.96	269.50	319.57	379.50
Less: Increase in Capex	-	10.00	10.00	-	10.00	-
Free Cash flow	13.86	413.39	520.71	544.86	664.50	785.98



Variman Global Enterprises Limited

Particulars	2021-22 Audited	2022-23 Estimated	2023-24 Proj	2024-25 Proj	2025-26 Proj	2026-27 Proj
Free Cash Flow	13.86	413.39	520.71	544.86	664.50	785.98
Year	-	0.25	1.25	2.25	3.25	4.25
Discount Factor	1.00	0.97	0.86	0.77	0.68	0.62
Present Value of Cash Flows	13.86	401.43	449.60	418.31	453.61	485.55
Present Value of Business						2208.50
Terminal Value at the end						897.96
Value of Business before Debt						3106.45

Source: Projected financial statements of VGEL.

Method 3: Stock Exchange Quotation or Market Price Method: VGEL

The details of trading prices as per the stock exchange for last 90days and 2 weeks as given below:

Alternative: I

Date	No.of Shares	No. of Trades	Total Turnover (Rs.)
21-Apr-23	15,37,888.00	1,220.00	2,41,03,712.00
20-Apr-23	15,00,537.00	1,083.00	2,12,35,538.00
19-Apr-23	4,82,629.00	380.00	66,20,582.00
18-Apr-23	3,04,495.00	428.00	41,39,842.00
17-Apr-23	85,315.00	163.00	11,78,002.00
13-Apr-23	1,59,956.00	211.00	22,08,527.00
12-Apr-23	3,27,851.00	324.00	45,12,482.00
11-Apr-23	6,67,715.00	317.00	92,66,552.00
10-Apr-23	1,44,795.00	321.00	20,03,708.00
06-Apr-23	1,74,880.00	294.00	24,79,819.00
05-Apr-23	1,99,756.00	245.00	29,39,637.00
03-Apr-23	2,47,653.00	346.00	35,10,240.00

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31-Mar-23	4,17,246.00	243.00	58,55,458.00
29-Mar-23	3,68,573.00	486.00	50,20,691.00
28-Mar-23	3,66,418.00	427.00	50,57,881.00
27-Mar-23	3,10,197.00	315.00	45,50,994.00
24-Mar-23	16,62,429.00	579.00	2,73,03,092.00
23-Mar-23	1,58,858.00	281.00	25,27,918.00
22-Mar-23	1,83,863.00	403.00	28,44,606.00
21-Mar-23	2,97,371.00	583.00	44,23,042.00
20-Mar-23	5,57,356.00	591.00	87,95,662.00
17-Mar-23	8,12,450.00	664.00	1,33,72,315.00
16-Mar-23	3,31,322.00	357.00	52,35,348.00
15-Mar-23	2,41,996.00	554.00	39,27,794.00
14-Mar-23	7,25,563.00	469.00	1,22,19,148.00
13-Mar-23	2,64,200.00	348.00	46,93,024.00
10-Mar-23	10,27,919.00	259.00	1,77,86,913.00
09-Mar-23	13,95,990.00	561.00	2,49,45,375.00
08-Mar-23	5,73,169.00	716.00	1,01,83,668.00
06-Mar-23	2,13,468.00	470.00	36,38,841.00
03-Mar-23	4,08,541.00	247.00	71,29,366.00
02-Mar-23	4,13,265.00	369.00	71,31,190.00
01-Mar-23	1,17,312.00	200.00	20,36,556.00
28-Feb-23	1,45,592.00	362.00	25,68,814.00
27-Feb-23	1,76,561.00	261.00	31,64,275.00
24-Feb-23	1,83,413.00	270.00	32,96,466.00
23-Feb-23	2,78,614.00	324.00	48,91,088.00
22-Feb-23	6,04,044.00	462.00	1,04,27,365.00

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21-Feb-23	2,51,441.00	373.00	43,31,227.00
20-Feb-23	7,96,814.00	1,326.00	1,19,66,927.00
17-Feb-23	3,14,066.00	572.00	52,79,733.00
16-Feb-23	3,75,389.00	320.00	66,54,994.00
15-Feb-23	2,13,379.00	374.00	38,76,995.00
14-Feb-23	9,97,680.00	575.00	1,93,13,628.00
13-Feb-23	71,370.00	147.00	14,60,599.00
10-Feb-23	1,21,992.00	204.00	25,32,662.00
09-Feb-23	3,55,022.00	643.00	78,40,243.00
08-Feb-23	3,40,826.00	497.00	75,02,173.00
07-Feb-23	12,22,043.00	807.00	2,68,95,996.00
06-Feb-23	3,82,538.00	373.00	75,04,661.00
03-Feb-23	2,39,478.00	417.00	45,35,462.00
02-Feb-23	7,73,391.00	294.00	1,47,93,010.00
01-Feb-23	3,27,615.00	247.00	63,73,367.00
31-Jan-23	8,84,907.00	542.00	1,65,05,397.00
30-Jan-23	4,13,736.00	467.00	77,94,736.00
27-Jan-23	92,075.00	327.00	18,38,519.00
25-Jan-23	2,32,896.00	471.00	48,76,641.00
24-Jan-23	2,97,024.00	540.00	61,78,211.00
23-Jan-23	7,53,397.00	1,227.00	1,54,12,807.00
20-Jan-23	3,46,019.00	613.00	71,32,104.00
19-Jan-23	1,66,985.00	369.00	32,94,683.00
18-Jan-23	2,36,390.00	444.00	47,85,502.00
17-Jan-23	2,23,167.00	534.00	46,93,569.00
16-Jan-23	78,075.00	279.00	16,95,183.00



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13-Jan-23	3,02,540.00	542.00	66,39,564.00
12-Jan-23	1,01,712.00	255.00	22,13,990.00
11-Jan-23	2,56,257.00	356.00	56,29,419.00
10-Jan-23	76,488.00	266.00	16,68,961.00
09-Jan-23	4,96,814.00	715.00	1,13,42,449.00
06-Jan-23	2,22,675.00	369.00	49,21,097.00
05-Jan-23	4,37,223.00	473.00	99,39,883.00
04-Jan-23	2,02,927.00	375.00	47,71,770.00
03-Jan-23	5,33,778.00	378.00	1,26,84,220.00
02-Jan-23	5,45,210.00	456.00	1,29,48,041.00
30-Dec-22	2,92,252.00	268.00	69,89,797.00
29-Dec-22	2,05,413.00	283.00	49,01,041.00
28-Dec-22	4,20,464.00	390.00	1,02,86,991.00
27-Dec-22	1,60,931.00	311.00	38,88,070.00
26-Dec-22	2,23,150.00	408.00	54,16,192.00
23-Dec-22	6,95,907.00	914.00	1,64,44,126.00
22-Dec-22	4,58,799.00	706.00	1,18,38,681.00
21-Dec-22	4,26,229.00	851.00	1,13,69,060.00
20-Dec-22	2,01,715.00	403.00	54,30,297.00
19-Dec-22	7,77,339.00	450.00	2,05,85,162.00
16-Dec-22	4,55,049.00	524.00	1,20,34,024.00
15-Dec-22	7,93,988.00	575.00	2,18,40,287.00
14-Dec-22	7,14,777.00	892.00	2,01,36,010.00
13-Dec-22	7,11,749.00	846.00	2,03,91,444.00
12-Dec-22	11,80,692.00	1,030.00	3,27,42,248.00
09-Dec-22	13,34,348.00	810.00	3,62,19,041.00

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Variman Global Enterprises Limited

Total	4,08,05,341.00		80,55,66,425.00
			19.74

Alternative:II

Date	No.of Shares	No. of Trades	Total Turnover (Rs.)
21-Apr-23	15,37,888.00	1,220.00	2,41,03,712.00
20-Apr-23	15,00,537.00	1,083.00	2,12,35,538.00
19-Apr-23	4,82,629.00	380.00	66,20,582.00
18-Apr-23	3,04,495.00	428.00	41,39,842.00
17-Apr-23	85,315.00	163.00	11,78,002.00
13-Apr-23	1,59,956.00	211.00	22,08,527.00
12-Apr-23	3,27,851.00	324.00	45,12,482.00
11-Apr-23	6,67,715.00	317.00	92,66,552.00
10-Apr-23	1,44,795.00	321.00	20,03,708.00
06-Apr-23	1,74,880.00	294.00	24,79,819.00
	53,86,061.00		7,77,48,764.00
			14.44

A) Average of 90 Days	19.74
B) Average of 10 Days	14.44
Applicable Minimum Price (Higher of the A or B)	19.74

Source: Bombay Stock Exchange (BSE)

Total Value As per Market Method is Rs.3586.26Lakhs (18,16,75,000shares).



Business valuation & Value per share:

We have considered the Market price Method

(Rs.in Lakhs)

Particulars	Value of the Business
Total Value of the Company	3586.26
No of Equity Shares	181.68
DCF value per share	19.74

X. Conclusion:

Effective date of Valuation:

The effective date of valuation is 31st December, 2022

Fair value of Rs.19.74/- fully paid equity share of Rs.10 /-each fully paid-up

Standard (Definition) of Value:

The Standard of Value is "Fair Market Value". As defined by Statement on Standards for Valuation Services Issued by the IGAAP, "the Fair Market Value is-

- The price, expressed in terms of cash equivalents
- At which property would change hands
- Between a hypothetical willing and able buyer and a hypothetical willing and able seller
- Acting at arm's length in an open and unrestricted market,
- When neither is under compulsion to buy or sell and
- When both have reasonable knowledge of the relevant facts

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XI. Premise of Value:

- The Premise of Value is "as a going concern".
- Our opinion of Fair Market Value relies on a "value in use" or "going concern" premise, which assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder value.
- The valuation assumes that the Company will continue to operate as a going concern, and that the character of its present business will remain intact.
- The Income approach evaluates the value of the Company on the basis of its business stream and its ability to serve the demand.

We have estimated that the Fair Value per Equity Share as per Market Price Method is Rs.32.21/- of Rs.10/- each fully paid- up on 1st May,2021.

XII. Scope of Limitations:

Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

Valuation analysis and results are also specific to the date of this report. A review of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. As such, our review results are, to a significant extent, subject to continuance of current trends beyond the date of the report. We, however, have no obligation to update this report for events, trends or transactions relating to the companies or the market/economy in general and occurring subsequent to the date of this report.

In the course of the review, we were provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the companies through broad inquiry, analysis and review (but not have carried out a due diligence or audit of the companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should

not be constructed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The terms of our engagement were such that we were entitled to rely upon the information provided by the companies without detailed inquiry. Also, we have been given to understand by the Management that they have not omitted any relevant and material factors. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the companies.

No investigation of the companies claim to title of assets has been made for the purpose of this review and the companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matter of a legal nature.

We have not conducted or provided an analysis or prepared a model for any asset valuation and have wholly relied on information provided by the companies in that regard.

We owe responsibility to only Board of Directors of VGEL which has retained us and nobody else.

We do not accept any liability to any third party in relation to the issue of this report.



CA. SANKARAI AH

Registered Valuer (IBBI)

Reg. No. IBBI/RV/06/2020/13431

UDIN : 23239653BGUYHB9278

Place: Hyderabad

Date: 22nd April, 2023.