

VALUATION REPORT

VARIMAN GLOBAL ENTERPRISES LIMITED

UDIN: 22222450AFCQCJ3356

SRI RANGA GORANTLA

REGISTERED VALUER (Securities or Financial Assets)

REGN NO. IBBI/RV/02/2019/11253

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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 Transferee Company "Variman Global Enterprises Ltd (VGEL)" referred to as and transferor companies "Straton Business Solutions Private Limited (SBSPL)" and "Verteex Vending and Enterprises Solutions Private limited (VVESPL)" as of 31st December, 2021 for the purpose of merger.

II. Scope & Purpose

Valuers have been requested by the Company for determining the Fair market value of equity shares for determining the swap ratio for merger of the companies.

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 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.

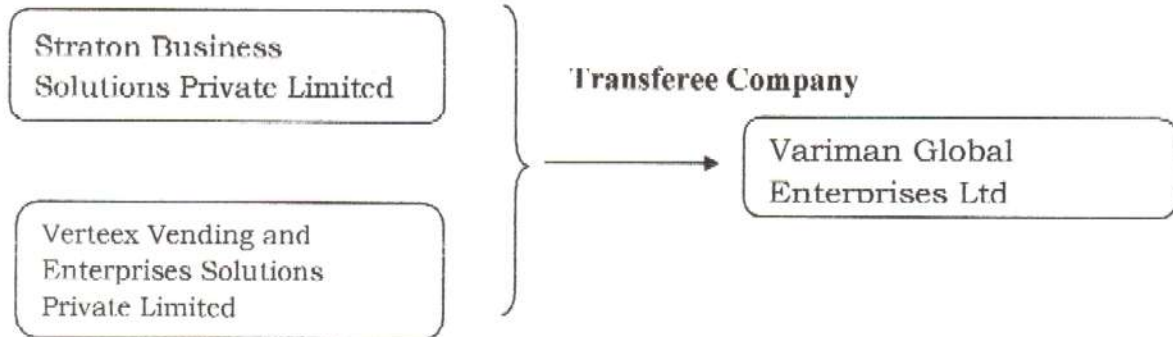
We have carried out a relative valuation of the equity shares of Variman Global Enterprises Ltd (VGEL), Straton Business Solutions Private Limited (SBSPL) and Verteex Vending and Enterprises Solutions Private Limited (VVESPL) with a view to arrive the SWAP ratio.

To arrive at our conclusion of Fair Market Value, we used Net Assets Value Method, Discounted Cash Flow Method and Market Price Method.

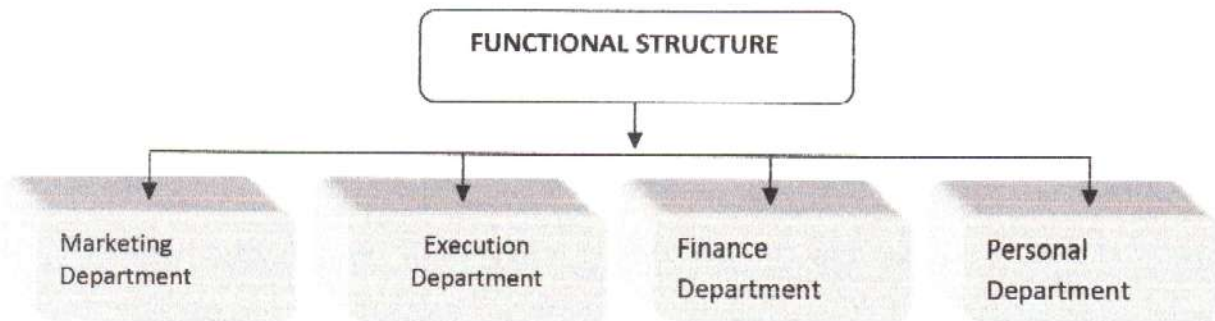


i. Merger:

Transferor Companies



ii. Organisation Structure:



III. Disclosure of Interest

CA Gorantla Srinivas 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 10-03-2022 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 Discounted Cash Flow 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.17,99,25,000.

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 Telangana 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, thus readying them 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.

1. Valuation date & Source of Information:

The date of valuation considered is 31st December, 2021. The key presentation provided by the management for the purpose of valuation analysis is that the Provisional financial statements for the Period ended 31st December 2021 are accurate and there will not be any material difference between these estimated statements and actual figures. In addition to these, we have been provided the following other information for our valuation analysis.

- Audited financial statements of **VGEL** for the year ended 31st March,2021 and the provisional Statements for the Period ended 31st December, 2021.
- Financial projections prepared by the management for the years ended March 31st, 2022,2023,2024,2025,2026.
- Information on business and profile provided by the management of **SBSPL**.
- 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 SBSPL. It may be mentioned that SBSPL 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.

2. Business Overview

Financial information and Financial Analysis:

Profit And Loss Account of Variman Global Enterprises Ltd: (Rs. in Lakhs)

Particulars	As at 31.03.2021	% of Income	As at 31.03.2020	% of Income
Gross Sales Revenue	2,206.83	97.48%	1,870.02	99.84%
Other Income	56.95	2.52%	3.01	0.16%
Total Income	2,263.78	100.00%	1,873.03	100.00%
Cost of Material Consumed	1,972.75	87.14%	1,676.04	89.48%
Employee Benefit Expenses	105.89	4.68%	75.93	4.05%

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Valuation Report, March 2022

Other Expenses	63.23	2.79%	58.46	3.12%
EBIDTA	121.91	5.39%	62.60	3.34%
Depreciation & Amortization	12.95	0.57%	8.10	0.43%
Finance Charges	17.54	0.77%	23.77	1.27%
PBT	91.42	4.04%	30.73	1.64%
Tax Expenses	20.22	0.89%	8.52	0.45%
Deferred Tax	-1.11	-0.05%	-0.53	-0.03%
PAT	72.31	3.19%	22.74	1.21%

Source: Audited financial statements of VGEL.

Balance Sheet of Variman Global Enterprises Ltd (Rs. In lakhs)

Particulars	As at 31.03.2021	% of Assets	As at 31.03.2020	% of Assets
Source of Funds				
Share Capital	1,674.25	70.50%	1,674.25	86.28%
Reserves & Surplus	-133.54	-5.62%	-180.74	-9.31%
Share Warrants				
Borrowings	17.55	0.74%	53.80	2.77%
Current Liabilities				
Borrowings	219.84	9.26%	142.48	7.34%
Trade Payables	519.80	21.89%	210.75	10.86%
Short-term Provisions	25.11	1.06%		0.00%
Other Current Liabilities	28.33	1.19%	28.02	1.44%
Current Tax Liabilities	23.36	0.98%	12.03	0.62%
Total	2,374.70	100.00%	1,940.59	100.00%
Application of Funds				
Fixed Assets (net block)	24.80	1.04%	28.67	1.48%
Capital work in progress	112.03	4.72%	104.45	5.38%
Investments	497.10	20.93%	532.10	27.42%
Differed Tax Asset	4.21	0.18%	3.09	0.16%
Current Assets		0.00%		0.00%
Inventories	245.71	10.35%	282.71	14.57%
Trade Receivables	663.19	27.93%	352.67	18.17%
Cash & Bank	42.07	1.77%	23.82	1.23%
Loans	577.79	24.33%	517.14	26.65%
Other Current Assets	207.80	8.75%	95.94	4.94%
Total	2,374.70	100.00%	1,940.59	100.00%

Source: Audited financial statements of VGEL



3. Financial Analysis

We have carried out a financial analysis of the audited financial statements for the year ended 31st March 2021 & 31st March, 2020.

Total revenue for the financial year 2021 is Rs.2263.78 lakhs. Total revenue for the year ended 31st March 2020 is Rs.1873.03.

Cost of Sales for the financial year 2021 is Rs.1972.75 Lakhs & Rs.1676.04 Lakhs in the year ended 31st March, 2020

Operating profits (EBIDTA) of Rs.121.91Lakhs in the Year 31st March,2021 as compared to Rs.62.60 Lakhs in the fiscal Year 2020.

Profit after Tax in the Year ended 31st March ,2020 is Rs.21.40 lakhs to Rs.8.81 Lakhs in the fiscal Year 2019.

4. Financial Projections

The management of Variman Global Enterprises Limited has provided us the financial projections for the Period ended 31st March 2022- 2026.

Profit and Loss Account		(Rs. In Lakhs)				
Particulars	2021-22 Proj	2022-23 Proj	2023-24 Proj	2024-25 Proj	2025-26 Proj	
Gross Sales Revenue	3226.18	4032.73	4839.27	5807.13	6968.55	
Other Income	80.49	88.54	97.40	107.14	117.85	
Total Income	3306.68	4121.27	4936.67	5914.27	7086.40	
Cost of Material Consumed	2923.98	3654.97	4385.97	5263.16	6315.79	
Employee Benefit Expenses	137.93	165.52	198.62	238.35	286.02	
Other Expenses	89.31	102.70	118.11	135.82	156.20	
EBIDTA	155.46	198.07	233.97	276.93	328.39	

Depreciation & Amortization	8.07	8.27	8.27	8.27	8.27
Finance Charges	35.00	35.00	35.00	35.00	35.00
PBT	112.39	154.81	190.70	233.66	285.13
Tax Expenses	28.10	38.70	47.68	58.42	71.28
Deferred Tax	0.00	0.00	0.00	0.00	0.00
PAT	84.29	116.11	143.03	175.25	213.84

Source: Projected financial statements of VGEL.

Balance Sheet

(Rs. In Lakhs)

Particulars	2021-22 Proj	2022-23 Proj	2023-24 Proj	2024-25 Proj	2025-26 Proj
Source of Funds					
Share Capital	1,674.25	1,674.25	1,674.25	1,674.25	1,674.25
Reserves & Surplus	-49.25	66.86	209.89	385.13	598.98
Share Warrants	198.00	198.00	198.00	198.00	198.00
Borrowings	250.00	250.00	250.00	250.00	250.00
Current Liabilities					
Borrowings	200.00	220.00	242.00	266.20	292.82
Trade Payables	401.09	441.20	485.32	533.86	587.24
Short-term Provisions	25.11	25.11	25.11	25.11	25.11
Other Current Liabilities	31.16	34.28	37.71	41.48	45.63
Current Tax Liabilities	51.46	90.16	137.84	196.25	267.53
Total	2,781.83	2,999.86	3,260.11	3,570.28	3,939.56
Application of Funds					
Fixed Assets (net block)	26.73	28.47	20.20	21.93	13.67
Capital work in progress	84.02	63.02	47.26	35.45	26.59
Investments	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Differed Tax Asset	3.91	3.91	3.91	3.91	3.91
Current Assets					
Inventories	365.50	456.87	548.25	657.90	789.47
Trade Receivables	403.27	504.09	604.91	725.89	871.07
Cash & Bank	104.94	142.12	226.19	307.71	409.19
Loans	583.57	589.40	595.30	601.25	607.26
Other Current Assets	209.88	211.98	214.10	216.24	218.40
Total	2,781.83	2,999.86	3,260.11	3,570.28	3,939.56

Source: Projected financial statements of VGEL.



V. Introduction & Background (SBSPL)

M/s. Straton Business Solutions Private Limited was incorporated on 28th August, 2013 under the Companies act, 1956.

The company bearing CIN U15122TG2013PTC089719, having the registered office situated at H.No 11-2-217/10 Gagan Mahal, Domalguda Hyderabad Telangana-500029 India. Straton has a long-standing relationship with Hindustan Unilever, Kelvinator, hp, Tata sky and other reputed companies. In Addition to the above, It Involves in the Activities of production, processing and preservation of Meat, Fish, Fruit, Vegetables, Oils and fats. It is the authorized distributor for a bouquet of FMCG, domestic appliances and DTH products.

Mission

- Distributing branded retail merchandise to our loyal customers in the independent markets.
- Servicing our customers and vendors needs while exceeding their expectations.
- Differentiating ourselves by providing best customer service and
- Creating an environment which motivates employees to achieve maximum sales potential.
- Valuing long-term relationships with vendors and customers.
- Maintaining a vision towards the future by positioning ourselves to take the lead with technology and industry changes.

Vision

- To be the leading distribution company in FMCG, Consumer electronics and IT Industries in the state of Telangana.
- A Company with trustworthy, leading brands for our consumers.
- A forward-looking company.

Strategy

- To drive business results and enhance business reputation.
- To develop and manage strong business relationships with our existing and potential customers.



- To be the preferred business partner to our suppliers.
- To stimulate extraordinary performance from our employees.

Values

Integrity, Transparency & Business Ethics Maintaining the highest level of integrity and full transparency in all our interactions with our stakeholders; and Maintaining the highest possible ethical standards.

Teamwork

- 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.

1. Valuation date & Source of Information:

The date of valuation considered is 31st December, 2021. The key presentation provided by the management for the purpose of valuation analysis is that the Provisional financial statements for the Period ended 31st December 2021 are accurate and there will not be any material difference between these estimated statements and actual figures. In addition to these, we have been provided the following other information for our valuation analysis.

- Audited financial statements of **SBSPL** for the year ended 31st March,2021 and the provisional Statements for the Period ended 31st December, 2021.
- Financial projections prepared by the management for the years ended March 31st, 2022,2023,2024,2025,2026



- Information on business and profile provided by the management of SBSPL.
- 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 SBSPL. It may be mentioned that SBSPL 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.

2. Business Overview

Financial information

The key financial items of SBSPL for the year ended 31st March ,2021 and the year ended 31st March ,2020 are shown below:

Profit and Loss Account:

(Rs. In lakhs)

Particulars	As at 31.03.2021	% of Income	As at 31.03.2020	% of Income
Gross Sales Revenue	2190.34	93.53%	2135.27	92.15%
Other Income	151.47	6.47%	181.78	7.85%
Total Income	2341.81	100.00%	2317.05	1.00
Material Consumption	2086.05	89.08%	2046.94	95.86%
Employee Benefit Expenses	80.86	3.45%	107.06	5.01%
Other Administrative Expenses	43.64	1.86%	56.00	2.62%
EBIDTA	131.26	5.61%	107.05	-0.03
Depreciation & Amortization	8.61	0.37%	13.00	0.61%
Finance Charges	98.73	4.22%	70.99	3.32%
PBT	23.92	1.02%	23.07	-0.07
Tax Expenses	5.80	0.25%	7.66	0.36%
Deferred Tax	0.63	0.03%	1.32	0.06%
PAT	17.49	0.75%	14.09	- 0.08

Source: Audited financial statements of SBSPL.

Balance Sheet:

(Rs. In lakhs)

Particulars	As at 31.03.2021	% of Income	As at 31.03.2020	% of Income
Source of Funds				
Share Capital	150.00	8.97%	150.00	9.70%
Reserves & Surplus	96.32	5.76%	78.84	5.10%
Borrowings-SL	399.65	23.89%	410.25	26.53%



Borrowings-USL	623.58	37.27%	612.54	39.62%
Current Liabilities		0.00%		0.00%
Borrowings	251.82	15.05%	183.44	11.86%
Trade Payables	136.36	8.15%	80.05	5.18%
Short-term Provisions	15.23	0.91%	31.05	2.01%
Total	1672.94	100.00%	1546.17	100.00%
Application of Funds				
Fixed Assets (net block)	552.35	33.02%	393.73	25.47%
Capital work in progress	0.00	0.00%	130.77	8.46%
Long Term Loans and Adv	15.16	0.91%	15.17	0.98%
Deferred Tax Asset	3.09	0.18%	3.72	0.24%
Investments	12.00	0.72%	15.30	0.99%
Current Assets		0.00%		0.00%
Inventories	468.50	28.00%	357.93	23.15%
Trade Receivables	488.52	29.20%	465.56	30.11%
Cash & Cash Equivalents	35.53	2.12%	30.96	2.00%
Loans and Advances	3.58	0.21%	3.79	0.25%
Other Current Assets	94.21	5.63%	129.24	8.36%
Total	1672.94	100.00%	1546.17	100.00%

Source: Audited financial statements of SBSPL.

3. Financial Analysis

We have carried out a financial analysis of the audited financial statements for the year ended 31st March, 2021 & 31st March 2020.

Total revenue for the year of 31st March, 2021 is Rs.2341.81 lakhs. Total revenue for the fiscal year 2020 is Rs.2317.05 Lakhs.

Operating profits (EBIDTA) of Rs.131.26 lakhs in the Period of 31st March, 2021 and Rs.107.05 Lakhs in the fiscal year 2020.

Profit after Tax in the period of 31st March,2020 Rs.14.09 lakhs and Rs.26.29 lakhs in the year 2019.



4. Financial Projections:

The management of SBSPL has provided us the financial projections for the year ended 31st March, 2022 to 31st March, 2026 are shown below:

Financial Projections: (Profit and Loss Account) (Rs. In Lakhs)

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
Gross Sales Revenue	2,647.43	3,176.91	3,812.29	4,574.75	5,489.70
Other Income	151.62	166.78	183.46	201.81	221.99
Total Income	2799.05	3343.70	3995.76	4776.56	5711.69
Material Consumption	2,521.37	3,019.65	3,623.58	4,348.29	5,217.95
Employee Benefit Expenses	80.94	82.96	85.04	87.16	88.99
Other Administrative Expenses	48.00	52.80	58.08	63.89	70.28
EBIDTA	148.73	188.28	229.06	277.21	334.46
Depreciation & Amortization	11.83	11.83	11.83	11.83	11.83
Finance Charges	90.00	85.20	80.40	75.60	70.80
PBT	46.90	91.25	136.83	189.78	251.83
Tax Expenses	11.73	22.81	34.21	47.45	62.96
Deferred Tax	-	-	-	-	-
PAT	35.18	68.44	102.62	142.34	188.88

Source: Projected financial statements of SBSPL

Projected Balance Sheet:

(Rs. In Lakhs)

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
Source of Funds					
Share Capital	150.00	150.00	150.00	150.00	150.00
Reserves & Surplus	131.50	199.93	302.55	444.89	633.76
Borrowings-SL	400.00	360.00	320.00	280.00	240.00
Borrowings-USL	700.00	700.00	700.00	700.00	700.00
Current Liabilities					
Borrowings	350.00	350.00	350.00	350.00	350.00
Trade Payables	143.18	150.34	157.85	165.75	174.03
Short-term Provisions	16.75	18.43	20.27	22.30	24.53
Total	1891.43	1928.70	2000.68	2112.93	2272.32
Application of Funds					
Fixed Assets (net block)	540.52	528.69	516.86	505.03	493.20
Long Term Loans and Adv	16.68	18.34	20.18	22.20	24.42



Differed Tax Asset	3.09	3.09	3.09	3.09	3.09
Investments	12.00	12.00	12.00	12.00	12.00
Current Assets					
Inventories	326.41	342.73	359.87	377.86	396.76
Trade Receivables	441.24	463.30	486.46	510.79	536.33
Cash & Cash Equivalents	449.98	453.06	488.63	563.44	683.54
Loans and Advances	4.48	5.59	6.60	7.26	8.06
Other Current Assets	97.04	101.89	106.98	111.26	114.93
Total	1891.43	1928.70	2000.68	2112.93	2272.32

Source: Projected financial statements of SBSPL.

VII. Introduction & Background (VVESPL)

Verteex Vending and Enterprises Solutions Pvt Ltd (VVESPL) was a partnership firm which was converted into a private limited company under Part IX of the Companies Act, 2013. It was incorporated on 10/04/2018.

The Company bearing CIN No U74999TG2018PTC123699, having the Registered Office situated at H.No. 3-6-672/Λ, Himayath Nagar, Street No.10 Telangana.

Verteex Ventures has been constituted exclusively to deal with the distribution activities of OOH (Out of Home), Corporate Gifting & Institutional bulk sale divisions of Hindustan Unilever Limited. The firm has been associated with Hindustan Unilever Ltd's beverage vending business for the past 10 years. Thereafter in the year 2006 the firm has diversified into Consumer Electronic business by becoming Distributors for TATA SKY (Satellite Television.) for Sales and Service in twin cities.

Mission

- Distributing branded retail merchandise to our loyal customers in the independent markets
- Servicing our customers' and vendors' needs while exceeding their expectations
- Differentiating ourselves by providing the best customer service to quality customers
- Creating an environment which motivates employees to achieve maximum sales potential
- Valuing long-term relationships with suppliers and customers



- Maintaining a vision towards the future by positioning ourselves to take the lead with industry changes while maintaining our commitment to setting the standard in the industry

Vision

- To be the leading distribution company in FMCG and Consumer electronics industries in the state of Telangana.
- A Company with trustworthy, leading brands for our consumers.
- Our customers' preferred product and service providing company.
- A forward-looking company.

Strategy

- To drive business results and enhance business reputation.
- To develop and manage strong business relationships with our existing and potential customers.
- To be the preferred business partner to our suppliers.
- To stimulate extraordinary performance from our employees.

VALUES

Integrity, Transparency & Business Ethics Maintaining the highest level of integrity and full transparency in all our interactions with our stakeholders; and maintaining the highest possible ethical standards.

Teamwork

- 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.

1. Valuation date & Source of Information

The date of valuation considered is 31st December, 2021. The key presentation provided by the management for the purpose of valuation analysis is that the Provisional financial statements for the year ended 31st March, 2021 are accurate and there will not be any material difference between these estimated statements and actual figures. In addition to these, we have been provided the following other information for our valuation analysis.

- Audited financial statements of **VVESPL** for the year ended 31st March, 2020 and un-audited financial statements for the period ended 31st December, 2021.
- Financial projections prepared by the management for the years ended March 31, 2022,2023,2024 ,2025 and 2026.
- Information on business and profile provided by the management of **VVESPL**.
- 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 VVESPL. It may be mentioned that VVESPL 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.

2. Business Overview

Financial information

The key financial items for the period ended 31st March, 2021 and 31st March, 2020 are shown below:



Profit and Loss Account

(Rs in Lakhs)

Particulars	As at 31.03.2021	% of Income	As at 31.03.2020	% of Income
Gross Sales Revenue	1,539.86	99.99%	2,174.66	100.00%
Other Income	0.17	0.01%	-	0.00%
Total Income	1,540.03	100.00%	2,174.66	100.00%
Material Consumption	1,336.31	86.77%	1,942.68	89.33%
Employee benefit Expenses	87.79	5.70%	96.21	4.42%
Other Administrative Expenses	44.02	2.86%	52.60	2.42%
EBIDTA	71.91	4.67%	83.17	3.82%
Depreciation & Amortization	9.38	0.61%	9.48	0.44%
Finance Charges	44.70	2.90%	47.42	2.18%
PBT	17.83	1.16%	26.28	1.21%
Tax Expenses	3.70	0.24%	4.72	0.22%
Deferred Tax	1.01	0.07%	1.63	0.07%
PAT	13.12	0.85%	19.93	0.92%

Source: Audited financial statements of VVESPL.

Balance Sheet:

Particulars	As at 31.03.2021	% of Assets	As at 31.03.2020	% of Assets
Source of Funds				
Share Capital	300.00	31.85%	300.00	31.34%
Reserves & Surplus	46.69	4.96%	33.59	3.51%
Borrowings - SL	151.31	16.07%	138.61	14.48%
Borrowings - USL	113.30	12.03%	148.50	15.51%
Deferred Tax Liability	4.45	0.47%	3.44	0.36%
Current Liabilities				
Borrowings	269.76	28.64%	290.59	30.35%
Trade Payables	50.54	5.37%	27.37	2.86%
Short-term Provisions	5.73	0.61%	15.23	1.59%
Total	941.78	100.00%	957.33	100.00%
Application of Funds				
Fixed Assets (net block)	113.79	12.08%	133.26	13.92%
Investments	17.00	1.81%	17.00	1.78%
Other Non-Current Assets	46.37	4.92%	76.52	7.99%
Current Assets		0.00%		0.00%
Inventories	180.25	19.14%	147.75	15.43%
Trade Receivables	320.56	34.04%	319.25	33.35%
Cash & Cash equivalents	13.58	1.44%	15.02	1.57%
Loans & Advances	230.88	24.52%	196.06	20.48%



Other Current Assets	19.35	2.05%	52.02	5.43%
Preliminary Expenditure	-	0.00%	0.45	0.05%
Total	941.78	100.00%	957.33	100.00%

Source: Audited financial statements of VVESPL

3. Financial Analysis

We have carried out a financial analysis of the audited financial statements for the year ended 31st March, 2021 and the audited financial statements for the year ended 31st March, 2020.

Total revenue for the year ended 31st March 2021 is 1540.03 Lakhs. Total revenue for the fiscal year 2020 is Rs.2174.66 Lakhs.

Operating profits (EBIDTA) of Rs.71.91 Lakhs in the year ended 31st March, 2021 and Rs.83.17 Lakhs in the fiscal year 2020.

Profit after Tax in The year ended 31st March, 2021 was Rs.13.12 Lakhs Rs.19.93 Lakhs in fiscal year 2020.

4. Financial Projections

The management of VVESPL has provided us the financial projections for the year ended 31st March, 2022 and 31st March, 2026 are shown below:

Financial Projections:(Profit and Loss Account) (Rs. In Lakhs)

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
Gross Sales Revenue	2,435.23	3,652.85	4,748.70	6,173.31	7,716.64
Other Income	0.19	0.20	0.21	0.22	0.23
Total Income	2,435.42	3,653.04	4,748.90	6,173.52	7,716.86
Material Consumption	2,135.32	3,182.99	4,137.88	5,379.24	6,724.06
Employee Benfit Expenses	92.18	97.71	103.57	109.79	116.37
Other Administrative Expenses	46.22	48.99	51.93	55.05	58.35
EBIDTA	161.69	323.35	455.52	629.44	818.08
Depreciation & Amortization	11.38	10.24	9.22	8.30	7.47
Finance Charges	52.36	50.56	48.76	46.96	45.16
PBT	97.96	262.55	397.54	574.19	765.46
Tax Expenses	24.49	65.64	99.39	143.55	191.36
Deferred Tax	1.01	1.01	1.01	1.01	1.01
PAT	72.46	195.91	297.15	429.63	573.08



Source: Projected financial statements of VVESPL.

Projected Balance Sheet:

(Rs. In Lakhs)

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
Source of Funds					
Share Capital	300.00	300.00	300.00	300.00	300.00
Reserves & Surplus	119.15	315.05	612.20	1,041.83	1,614.91
Borrowings - SL	136.31	121.31	106.31	91.31	76.31
Borrowings - USL	125.00	125.00	125.00	125.00	125.00
Differed Tax Liability	4.45	4.45	4.45	4.45	4.45
Current Liabilities					
Borrowings	300.00	300.00	300.00	300.00	300.00
Trade Payables	58.12	63.93	70.33	77.36	85.09
Short-term Provisions	14.85	17.08	19.64	22.59	25.98
Total	1,057.88	1,246.83	1,537.93	1,962.54	2,531.75
Application of Funds					
Fixed Assets (net block)	102.41	92.17	82.95	74.66	67.19
Investments	17.00	17.00	17.00	17.00	17.00
Other Non-Current Assets	46.42	46.46	46.51	46.56	46.60
Current Assets					
Inventories	186.84	273.21	355.17	461.72	577.15
Trade Receivables	253.67	313.54	407.60	529.88	662.34
Cash & Cash equivalents	199.97	251.52	374.41	577.06	904.41
Loans & Advances	232.03	233.19	234.36	235.53	236.71
Other Current Assets	19.54	19.74	19.94	20.14	20.34
Total	1,057.88	1,246.83	1,537.93	1,962.54	2,531.75

Source: Projected financial statements of VVESPL.

VIII. Valuation Analysis

1. 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 providers 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 reflects 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. We have not adopted this method for valuation of **SBSPL & VVESPL** as these companies are not listed companies and share prices are not available.

2. 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 31.12.2021 - NAV METHOD

PARTICULARS	Rs. In Lakhs
Fixed Assets (net block)	18.76
Capital work in progress	112.03
Investments	368.96
Differed Tax Asset	3.91
Current Assets	
Inventories	140.10
Trade Receivables	525.24
Cash & Bank	44.49
Loans	866.37
Other Current Assets	360.81
Total Assets	2,440.67
Borrowings	229.91



Current Liabilities	
Borrowings	202.07
Trade Payables	300.82
Short-term Provisions	25.11
Other Current Liabilities	26.95
Current Tax Liabilities	35.56
Total liabilities	820.42
Less: Differed Tax Asset	3.91
NET VALUE	1,616.34

Source: Provisional financial statements of VGEL.

Net Asset Value Method (NAV) of SBSPL:

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.264.32 Lakhs.

VALUATION AS ON 31.12.2021 - NAV METHOD

PARTICULARS	Rs. In Lakhs
Fixed Assets (net block)	546.78
Capital work in progress	-
Long Term Loans and Adv	15.17
Deferred Tax Asset	1.64
Investments	12.00
Current Assets	
Inventories	542.33
Trade Receivables	499.44
Cash & Cash Equivalents	36.25
Loans and Advances	4.22
Other Current Assets	113.48
Total Assets	1,771.31
Borrowings-SL	367.47
Borrowings-USL	686.65
Current Liabilities	
Borrowings	330.83
Trade Payables	110.24
Short-term Provisions	10.16
Total liabilities	1,505.35
Less: Differed Tax Asset	1.64
NET VALUE	264.32

Source: Provisional financial statements of SBSPL.



Net Asset Value Method (NAV) of VVESPL:

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.362.30 Lakhs.

VALUATION AS ON 31.12.2021 - NAV METHOD

PARTICULARS	Rs. In Lakhs
Fixed Assets (net block)	123.87
Investments	17.00
Other Non-Current Assets	46.39
Current Assets	
Inventories	223.84
Trade Receivables	346.20
Cash & Cash equivalents	16.14
Loans & Advances	203.24
Other Current Assets	27.29
Total Assets	1,003.97
Borrowings - SL	139.22
Borrowings - USL	208.55
Deferred Tax Liability	4.45
Current Liabilities	
Borrowings	262.32
Trade Payables	16.28
Short-term Provisions	10.85
Less: Preliminary Expenditure	-
NET VALUE	362.30

Source: Provisional financial statements of VVESPL.

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 2022 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 Proj	2022-23 Proj	2023-24 Proj	2024-25 Proj	2025-26 Proj
PAT	84.29	116.11	143.03	175.25	213.84
Add: Depreciation & Amortization	8.07	8.27	8.27	8.27	8.27
Less: Changes in working capital	24.66	-98.20	-82.98	-103.81	-129.50
Less: Increase in Capex	10.00	10.00	-	10.00	-
Free Cash flow	127.02	36.17	68.31	89.71	92.61

Particulars	2021-22 Proj	2022-23 Proj	2023-24 Proj	2024-25 Proj	2025-26 Proj
Free Cash Flow	127.02	36.17	68.31	89.71	92.61
Discount Factor	0.89	0.79	0.70	0.62	0.57
Present Value of Cash Flows	112.86	28.56	47.92	55.91	52.55
Present Value of Business					297.79
Terminal Value at the end					106.64
Value of Business before Debt					404.43

Source: Projected financial statements of VGEL.

Discounted Cash Flow Method of SBSPL

(Rs. In lakhs)

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
PAT	35.18	68.44	102.62	142.34	188.88
Add: Depreciation & Amortization	11.83	11.83	11.83	11.83	11.83
Less: Changes in working capital	327.70	-35.52	-37.04	-37.34	-38.39
Less: Capital wip	-	-	-	-	-
Free Cash flow	374.70	44.75	77.41	116.83	162.32

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
Free Cash Flow	374.70	44.75	77.41	116.83	162.32
Discount Factor	0.89	0.80	0.71	0.63	0.57
Present Value of Cash Flows	334.31	35.62	54.97	74.03	91.77
Present Value of Business					590.70
Terminal Value at the end					186.97
Value of Business					777.67

Source: Projected financial statements of SBSPL.



Discounted Cash Flow Method of VVESPL:

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
PAT	72.46	195.91	297.15	429.63	573.08
Add: Depreciation & Amortization	11.38	10.24	9.22	8.30	7.47
Less: Changes in working capital	105.90	-139.55	-168.43	-220.22	-238.15
Less: Increase in Capex	-	-	-	-	-
Free Cash flow	189.73	66.60	137.93	217.71	342.39

Particulars	2021-22 Estimated	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-26 Projected
Free Cash Flow	189.73	66.60	137.93	217.71	342.39
Discount Factor	1.00	0.89	0.79	0.71	0.63
Present Value of Cash Flows	189.73	59.33	109.48	153.94	215.68
Present Value of Business					728.16
Terminal Value at the end					390.51
Value of Business					1,118.67

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

The details of trading prices as per the stock exchange for last 90 Days and 10 Days as given below:

Alternative: I

Date	Open Price	High Price	Low Price	Close Price	WAP
10-Mar-22	173.50	173.50	162.00	163.05	164.12
09-Mar-22	165.00	171.90	157.20	170.50	167.59
08-Mar-22	175.00	175.00	164.50	165.45	169.19
07-Mar-22	179.00	180.00	164.00	171.00	169.65
04-Mar-22	172.00	172.35	162.00	172.35	168.46
03-Mar-22	156.35	164.15	153.25	164.15	161.76
02-Mar-22	156.00	170.00	155.00	156.35	158.83
28-Feb-22	164.90	172.00	157.25	162.95	160.83
25-Feb-22	150.75	166.55	150.75	165.50	162.41



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24-Feb-22	158.65	163.70	158.65	158.65	158.72
23-Feb-22	156.95	169.90	156.95	167.00	160.63
22-Feb-22	178.00	178.00	163.40	165.20	168.98
21-Feb-22	172.30	172.30	155.90	172.00	170.88
18-Feb-22	164.10	164.10	164.10	164.10	164.10
17-Feb-22	156.30	156.30	156.30	156.30	156.30
16-Feb-22	148.90	148.90	148.90	148.90	148.90
15-Feb-22	140.00	143.40	136.90	141.85	141.29
14-Feb-22	143.55	143.55	129.95	136.60	142.49
11-Feb-22	136.75	136.75	136.75	136.75	136.75
10-Feb-22	130.25	130.25	130.25	130.25	130.25
09-Feb-22	124.05	124.05	124.05	124.05	124.05
08-Feb-22	118.15	118.15	118.15	118.15	118.15
07-Feb-22	112.55	112.55	112.55	112.55	112.55
04-Feb-22	107.20	107.20	107.20	107.20	107.20
03-Feb-22	102.00	102.10	99.00	102.10	101.91
02-Feb-22	97.25	97.25	88.05	97.25	95.36
01-Feb-22	92.60	92.65	92.60	92.65	92.65
31-Jan-22	88.25	88.25	88.25	88.25	88.25
28-Jan-22	84.05	84.05	84.05	84.05	84.05
27-Jan-22	80.00	80.05	80.00	80.05	80.04
25-Jan-22	72.50	72.80	68.00	72.80	72.35
24-Jan-22	66.20	66.20	66.20	66.20	66.20
21-Jan-22	60.20	60.20	60.20	60.20	60.20
20-Jan-22	57.35	57.35	57.35	57.35	57.35
19-Jan-22	50.35	54.65	49.85	54.65	54.13
18-Jan-22	51.55	53.80	51.00	52.05	52.11
17-Jan-22	51.25	51.90	47.95	51.90	50.32
14-Jan-22	47.45	51.35	47.45	49.90	49.99
13-Jan-22	50.85	53.40	49.30	49.90	49.76
12-Jan-22	51.00	54.80	45.35	51.85	49.64
11-Jan-22	45.00	50.60	45.00	50.35	49.81
10-Jan-22	35.25	42.75	35.25	42.20	38.54
07-Jan-22	35.20	36.00	34.50	35.95	35.83
06-Jan-22	37.00	37.00	33.40	34.50	34.38
05-Jan-22	34.30	35.30	33.00	34.75	34.43
04-Jan-22	36.60	36.60	34.20	34.30	34.59
03-Jan-22	37.85	37.85	34.50	34.90	34.95
31-Dec-21	39.75	40.90	33.25	34.35	37.11
30-Dec-21	35.35	37.45	34.30	35.05	36.24
29-Dec-21	37.05	37.35	34.35	35.95	35.99
28-Dec-21	35.00	37.80	34.60	37.05	35.37



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27-Dec-21	36.85	38.00	33.25	35.70	36.20
24-Dec-21	35.00	39.00	32.65	33.95	33.85
23-Dec-21	34.00	38.45	34.00	37.55	36.19
22-Dec-21	36.20	39.80	32.40	33.25	33.57
21-Dec-21	34.10	43.80	34.10	38.20	38.95
20-Dec-21	38.90	40.00	36.70	38.95	37.67
17-Dec-21	37.50	41.90	36.35	38.70	37.41
16-Dec-21	35.35	40.50	35.35	38.95	39.76
15-Dec-21	38.75	38.75	36.00	36.05	38.33
14-Dec-21	41.40	41.40	36.05	37.20	37.10
13-Dec-21	42.00	42.00	34.50	38.10	38.36
10-Dec-21	33.25	40.65	32.60	35.30	40.23
09-Dec-21	34.95	34.95	29.45	33.90	31.97
08-Dec-21	32.80	33.75	32.00	32.20	32.78
07-Dec-21	32.35	36.00	29.10	32.15	33.11
06-Dec-21	35.00	35.00	31.35	33.00	32.48
03-Dec-21	33.70	36.65	33.35	34.05	35.21
02-Dec-21	34.25	36.30	34.25	35.45	34.41
01-Dec-21	34.50	36.90	33.70	34.60	34.80
30-Nov-21	32.00	40.30	32.00	35.90	37.37
29-Nov-21	32.50	37.50	32.50	33.80	34.91
26-Nov-21	36.60	38.20	32.35	34.90	35.10
25-Nov-21	34.00	38.65	34.00	37.45	36.99
24-Nov-21	34.00	41.00	34.00	36.20	37.09
23-Nov-21	34.00	39.90	34.00	35.85	35.90
22-Nov-21	38.85	40.85	35.05	36.25	38.21
18-Nov-21	33.40	38.95	33.40	38.00	38.21
17-Nov-21	37.95	39.95	31.20	33.85	35.09
16-Nov-21	37.00	42.30	33.65	37.95	39.44
15-Nov-21	29.35	35.25	25.70	35.25	31.51
12-Nov-21	30.00	31.75	28.60	29.40	29.70
11-Nov-21	33.50	33.50	28.30	31.75	30.11
10-Nov-21	31.40	32.55	28.60	31.45	31.31
09-Nov-21	31.00	33.40	31.00	32.00	32.45
08-Nov-21	34.05	34.05	32.00	32.50	32.96
04-Nov-21	35.30	35.30	31.10	34.05	34.08
03-Nov-21	35.00	35.00	29.25	32.00	29.99
02-Nov-21	35.40	35.40	31.90	32.75	32.92
01-Nov-21	35.95	35.95	31.00	32.90	35.28
Average of 90 Days					72.30



Alternative: II

Average of 10 Days

Date	Open Price	High Price	Low Price	Close Price	WAP
10-Mar-22	173.50	173.50	162.00	163.05	164.12
09-Mar-22	165.00	171.90	157.20	170.50	167.59
08-Mar-22	175.00	175.00	164.50	165.45	169.19
07-Mar-22	179.00	180.00	164.00	171.00	169.65
04-Mar-22	172.00	172.35	162.00	172.35	168.46
03-Mar-22	156.35	164.15	153.25	164.15	161.76
02-Mar-22	156.00	170.00	155.00	156.35	158.83
28-Feb-22	164.90	172.00	157.25	162.95	160.83
25-Feb-22	150.75	166.55	150.75	165.50	162.41
24-Feb-22	158.65	163.70	158.65	158.65	158.72
Average of 10 Days					164.15

A) Average of 90 Days	72.30
B) Average of 10 Days	164.15
Applicable Minimum Price (Higher of the A or B)	164.15

In the case of SBSPL and VVESPL, the above method is not applicable as these companies are not publicly interested.

Method 4: Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. This approach is usually applied in case of valuation of unlisted companies. Some of the common multiples used in a valuation are listed below:

- Market Cap / Sales Multiple
- Price / Earnings Multiple
- Precedent Transactions Multiple Method

Since the comparable companies are not available in the market with the exact size, nature of business, we are NOT using the comparable company market multiple method.

Valuation assumptions:

Discounting factor

The discounting factor considered for arriving the present value of the free cash flows to the equity is cost of equity, since the free cash flows to equity shareholders are estimated. The cost of equity computed using the Capital Assets Pricing Model (CAPM) using the formula;



$K_e = r_f + \beta (r_m - r_f)$ where
 K_e = Cost of Equity
 R_f = Risk Free Return
 R_m = Market Price of Return and
 $B(\text{beta})$ = Measure of Market Risk

Risk free rate of return has been estimated on 10 year Indian Government bond yield, market return is based on the return from Indian stock market index over a long term historical period and beta coefficient is based on companies stock being traded in Bombay Stock Exchange against the Sensex for the last year. Based on the above we have worked out the discount factor for VGEL, SBSPL and VVESPL as 12%.

Terminal Value:

The terminal value refers to the present value of the business as a going concern basis beyond the period of projections up to perpetuity. This value is estimated taking into business growth rates as well estimated growth rates of the industry and economy. Based on the factors specific to the company as mentioned above, the free cash flow to the equity shareholders after considering the value of the debt and considering the Terminal value is Rs.60.84 lakhs for VGEL, 515.66 Lakhs for SBSPL and Rs.914.11 lakhs for VVESPL.

IX. Business valuation & Value per share:

Business valuation & Value per share: VGEL

We have Considered the Market Price Method

A) Average of 90 Days	72.30
B) Average of 10 Days	164.15
Applicable Minimum Price (Higher of the A or B)	164.15

Business valuation & Value per share: SBSPL and VVESPL

We have considered the Discounted Cash Flow method as well as it takes into consideration future business potential and based on forecast.

STRATON BUSINESS SOLUTIONS PRIVATE LIMITED

Particulars	Amt in Lakhs
Terminal Value	186.97
Present Value of the Business	590.70
Net Debt	367.47
Value of Equity	410.20



No of Equity Shares	15.00
DCF value per share	27.35

Source: Projected financial statements of SBSPL.

VERTEEX VENDING AND ENTERPRISES SOLUTIONS PVT LTD

Particulars	Amt in Lakhs
Value of the Busines	728.16
Terminal Value	390.51
Net Debt	136.31
Value of Equity	982.36
No of Equity Shares	30.00
DCF value per share	32.75

Source: Projected financial statements of VVESPL

X. Swap Ratio

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, In our opinion, the fair value of the equity shares of VGEL is **Rs.164.15** each of face value of Rs.10 each and the equity shares of SBSPL is **Rs.27.35** each of face value of Rs.10 each and the equity shares of VVESPL is **Rs.32.75** each of face value of Rs.10 each.

Particulars	Swap Ratio	Remarks
Vertex	5 : 1	for every 5 equity shares of Vertex will get 1 shares of Variman
Straton	6 : 1	for every 6 equity share of Straton will get 1 share of Variman

Our valuation is based on audited financial statement the companies for the year ending March 31st,2021, Un-audited Financial statements for the period ended 31st December, 2021 and financial projections as provided to us by the management.

While determining the swap ratio, we felt a need of maintaining level field or uniformity of financial statements between listed entity and unlisted entity and accordingly for this purpose net asset value of both the companies has been considered. If there is any difference in future financial projections, the exchange ratio as indicated above may change.

XI. 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, SBSPL and VVESPL 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.

Place: Hyderabad

Date: 17-03-2022



G Sri Ranga

CA. Sri Ranga Gorantla

Registered Valuer (IBBI)

Reg. No. IBBI/RV/02/2019/11253

UDIN : 2222450AFCQCJ3356