

Valuation of equity shares of Eyantra Ventures Limited as per the provisions of the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 (“ICDR Regulations”)

27th June 2023

Rashmi Shah FCA
Registered Valuer (Securities or Financial Assets) with IBBI
Registration No.: IBBI/RV/06/2018/10240

Date: 27th June 2023

To,
The Board of Directors
Eyantra Ventures Limited
201, 1st Floor, SM Reddy Complex, Image Garden Road Cyber
Hills Colony, VIP Hills, Madhapur, Hyderabad TG-500081 IN

Dear Sirs,

Sub: Valuation of equity shares of Eyantra Ventures Limited for preferential allotment

Eyantra Ventures Limited (“EVL” or “the Company”) intends to issue equity shares to certain investors.

In this regard, Rashmi Shah FCA, Registered Valuer with IBBI Registration No. IBBI/RV/06/2018/10240 (‘RVS’ or ‘Independent Valuer’) has been appointed to determine fair value of equity shares of EVL under Regulation 165 & Regulation 166A and 170(2) revise pricing of the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 (“ICDR Regulations”) (‘SEBI ICDR Regulations’) (‘Valuation Purpose’).

The Valuation Date as informed to us by the Management of EVL (‘the Management’) for computation of the value of the said equity shares to be issued by EVL is 23rd June 2023 (‘**Valuation Date**’).

This Report is structured under the following broad heads:

- Background
- Information sources
- Valuation Standards followed and Procedure adopted for Valuation
- Valuation Methodology
- Valuation Analysis and Conclusion
- Scope Limitation
- Annexures



BACKGROUND

Eyantra Ventures Limited

Eyantra Ventures Limited (CIN: L51900MH1984PLC034880) is a company limited by shares incorporated on 22nd December 1984 under the Companies Act, 1956, with its registered office at 201, 1st Floor, SM Reddy Complex, Image Garden Road Cyber Hills Colony, VIP Hills, Madhapur Hyderabad TG-500081 IN.

- EVL is engaged in the business of trading and investment in shares, securities and other financial instruments.
- Equity shares of EVL are listed on BSE Limited (“BSE”).
- The shareholding pattern of EVL as of 31st March 2023 is as under:

Particulars	No. of shares	% Shareholding
Promoter & Promoter Group	10,61,850	73.74%
Public	3,78,150	26.26%
Total	14,40,000	100.00%



INFORMATION SOURCES

We have relied on the following sources of information and documents as provided to us by the Management of EVL ('the Management') and available in public domain:

- Financial Statements of EVL for the year ended 31st March 2023;
- Other relevant data;
- Our regular discussions with management representatives of EVL
- We have also relied on published and secondary sources of data whether or not made available by the Companies.



VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION

- We have performed the valuation analysis, to the extent possible, in accordance with ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India ('IVS'). IVS 301 on Business Valuation deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
 - Requested and received relevant data from the Management
 - Discussions with the Management on understanding of the businesses of the Company
 - Obtained and analyzed data available in public domain, as considered relevant by us
 - Obtained and analyzed market prices and other data involving equity shares of EVL and of comparable companies, as applicable and relevant
 - Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us
 - Determination of value per equity share of EVL, as relevant
 - Preparation and issuance of this valuation report.



VALUATION APPROACHES AND METHODOLOGIES

- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company is to use a combination of relevant and applicable valuation methods.
- As per Regulation 165 of the ICDR Guidelines, “Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies. Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed”. In light of this Regulation, we have assessed the value of shares of the Company under various applicable valuation methodologies.

As per Regulation 166A of the ICDR Guidelines, “Any preferential issue, which may result in a change in control or allotment of more than five percent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price.

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

- IVS 301 read with IVS 103 specifies that generally the following three approaches for valuation of business / business ownership interest are used:
 - Cost Approach
 - Market Approach
 - Income Approach



Cost Approach – Net Asset Value (NAV) method

- The value under cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under NAV method, total value of the business is based either on net asset value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business. Given the nature and specifics of the business, we have considered the NAV method to determine the value of shares of the Company.

Income Approach – Discounted Cash Flows (DCF) method

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. FCFF or free cash flows to the firm (“FCFF”) represents the cash available for distribution to both the owners and the creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital (“WACC”) is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.

We have not considered Discounted Cash Flows (DCF) method under the income approach due to unavailability of business projections of EVL as we understand that projections of EVL would be price sensitive information, which was therefore not made available to us.

Income Approach - Profit Earnings Capacity Value (PECV) method

- We have considered Profit Earning Capacity Value (PECV) method to determine the value of the shares of the Company. This method is used while valuing a going concern business with reasonable history of business operations and profitability. It involves determining the value based on the historical profits of the business. We have considered the PECV method to determine the value of the shares of the Company.



Market Approach – Market Price method

- Under the Market Price method, the market price of an equity shares as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. We understand that the shares are infrequently traded at BSE Limited.
- Regulation 164(5) of Chapter IV of SEBI ICDR Regulations reads as under-

For the purpose of this Chapter, “Frequently traded shares” means shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of the shares of the issuer.

Explanation: For the purpose of this regulation, ‘stock exchange’ means any of the recognized stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.”

The equity shares of the Company are traded on the BSE. However, as per Explanation to regulation 164(5) of the SEBI ICDR Regulations, the exchange on which higher trading volume of equity shares during the preceding 90 trading days prior to the relevant date, is recorded, is to be considered for the pricing computation.

Since, EVL is a listed company and equity shares of EVL are traded on BSE Limited over a reasonable period (more than 90 days), we have considered Market Price method to determine the value of equity shares of EVL. However, the shares of the Company do not have a trading history of 240 days and the overall turnover is less than 10% of the outstanding share capital. We therefore understand that the shares of the Company are infrequently traded. We have therefore considered Market Price method and pricing under ICDR guidelines as one of the methods to determine the value of equity shares of the Company and not the primary method. We have been informed by the Management that the valuation date to be considered 23rd June 2023.



Market Approach – Comparable Companies’ Multiple (CCM) method

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The Comparable Companies’ Multiple Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc.
- Management has confirmed that there are no adequate comparable companies as compared to the business profile, size, etc. of the Company. We have therefore not considered CCM method.

For arriving at the value per equity share of EVL and considering valuation inputs available for determining valuation under NAV method, PECV method and Market Price, we have applied appropriate weights to arrive at the value per equity share of EVL.



SCOPE LIMITATIONS AND DISCLAIMERS

- Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.
- We owe responsibility to only the management of the client that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose. This report has been prepared only for the sole use and information of EVL. Without limiting the foregoing, we understand that EVL may be required to submit this report to the regulatory authorities / stock exchanges in connection with the Proposed Transaction.
- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- We are not responsible for updating this report because of any events or transactions occurring subsequent to the date of this report.
- We have considered and relied on the information provided to us by the Management including financial information, significant transactions and events occurring subsequent to the balance sheet date. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the Management have informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation.
- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions.
- This Report does not look into the business / commercial reasons behind the transaction. We have no present or planned future interest in the company and the fee for this engagement is not contingent upon the values reported herein. Our valuation analysis should not be construed as an investment advice. We do not express any opinion on the suitability or otherwise of entering into any transaction with the Company
- Any discrepancies in any annexure between the total and the sums of the amounts listed are due to rounding-off.



VALUATION ANALYSIS AND CONCLUSION

- The value per equity share of EVL are based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, i.e., Market Price method, PECV method and NAV method for determining value per share of EVL, as applicable and relevant.
- In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report for the proposed transaction, in our opinion, we recommend the fair value of equity shares of EVL at **INR 236.35 per equity share**, computed as below.

Valuation of equity shares of EVL			
Particulars	Value per share (INR)	% Weight	Weighted Value (INR)
Book Value Method	14.55	5.00%	0.73
PECV Method	45.08	25.00%	11.27
Market Price Method	320.50	70.00%	224.35
Value per share (INR)		100.00%	236.35

Yours truly,



Rashmi Shah FCA
Registered Valuer (SFA)
 IBBI Reg. No.: IBBI/RV/06/2018/10240
 Place: Mumbai
 Date: 27th June 2023
 ICAI UDIN: 23123478BGTUOG4945

Enclosed:

Annexure I: Determination of value of equity shares of EVL using NAV method;

Annexure II: Determination of value per equity share of EVL using Market Price method (ICDR Pricing Guidelines);

Annexure III: Determination of value per equity share of EVL using PECV Method.



Annexure I – Determination of value of equity shares of EVL using NAV method

We have considered NAV method to determine the value per equity share of EVL. The value of equity shares of EVL using NAV method is **INR 14.55 per equity share**.

Refer to the valuation workings below:

Valuation of equity shares of EVL using NAV method¹		
Particulars (Amount in INR)	Book Value	Fair Value
Assets		
Inventories	161.49	161.49
Cash and bank Balances	1.82	1.82
Trade Receivables	5.45	5.45
Loan	50.00	50.00
Current Tax Assests	-	-
Other Current Assets	66.20	66.20
Total Assets	284.96	284.96
Liabilities		
Deferred tax liabilities	-	-
Trade Payables	8.06	8.06
Other current liabilities	52.28	52.28
Borrowing	-	-
Provisions (Current)	15.07	15
Current Tax Liabilities	-	-
Total Liabilities	75.41	75.41
Net asset Value	209.55	209.55
Number of equity shares	14.40	14.40
Value per share (INR)	14.55	14.55

Based on the above computation, in our opinion the value of equity shares of EVL is INR 14.55 per equity share for the said Valuation Purpose and as of the said Valuation Date.

¹ Balance Sheet as of 31st March 2023 as provided to us by the Management



Annexure II – Determination of value per equity share of EVL using Market Price method (ICDR Pricing Guidelines)**Valuation of equity shares of EVL using Market Price method**

Sr. No.	Date	No.of Shares	Total Turnover (Rs.)
1	22-Jun-23		
2	21-Jun-23		
3	20-Jun-23		
4	19-Jun-23	50	16,025
5	16-Jun-23		
6	15-Jun-23		
7	14-Jun-23		
8	13-Jun-23		
9	12-Jun-23		
10	09-Jun-23		
11	08-Jun-23		
12	07-Jun-23		
13	06-Jun-23		
14	05-Jun-23	120	36,630
15	02-Jun-23		
16	01-Jun-23		
17	31-May-23		
18	30-May-23		
19	29-May-23	1	305
20	26-May-23		
21	25-May-23		
22	24-May-23		
23	23-May-23		
24	22-May-23		
25	19-May-23		
26	18-May-23		
27	17-May-23		
28	16-May-23		
29	15-May-23		
30	12-May-23		
31	11-May-23		
32	10-May-23		
33	09-May-23		
34	08-May-23	5	1,606
35	05-May-23		
36	04-May-23		
37	03-May-23		
38	02-May-23	30	9,639
39	28-Apr-23		
40	27-Apr-23		
41	26-Apr-23		
42	25-Apr-23		
43	24-Apr-23	58	18,635
44	21-Apr-23		
45	20-Apr-23		



Valuation of equity shares of Eyantra Ventures Limited

46	19-Apr-23		
47	18-Apr-23		
48	17-Apr-23	157	50,444
49	13-Apr-23		
50	12-Apr-23		
51	11-Apr-23		
52	10-Apr-23	3,690	11,16,961
53	06-Apr-23		
54	05-Apr-23		
55	03-Apr-23		
56	31-Mar-23	4,490	13,70,348
57	29-Mar-23	2,362	6,86,633
58	28-Mar-23	10	2,769
59	27-Mar-23	10	2,637
60	24-Mar-23	20	5,024
61	23-Mar-23	100	23,925
62	22-Mar-23	1,001	2,28,127
63	21-Mar-23	1,005	2,18,135
64	20-Mar-23	1	206
65	17-Mar-23	19,657	38,71,446
66	16-Mar-23	5	938
67	15-Mar-23	5	893
68	14-Mar-23	1,520	2,58,704
69	13-Mar-23	5	810
70	10-Mar-23	5	772
71	09-Mar-23	10	1,470
72	08-Mar-23	5	700
73	06-Mar-23	2	266
74	03-Mar-23	3	381
75	02-Mar-23	5	605
76	01-Mar-23	5	576
77	28-Feb-23	5	549
78	27-Feb-23	3	313
79	24-Feb-23	1	99
80	23-Feb-23	1	94
81	22-Feb-23		
82	21-Feb-23		
83	20-Feb-23	20	1,809
84	17-Feb-23	22	1,895
85	16-Feb-23	20	1,641
86	15-Feb-23	24	1,875
87	14-Feb-23	22	1,637
88	13-Feb-23	156	11,068
89	10-Feb-23	24	1,622
90	09-Feb-23	22	1,416
	90 trading days	34,657	79,49,628
	10 trading days	50	16,025
	90 trading days	Value per share (INR)	229.38
	10 trading days	Value per share (INR)	320.50



Annexure III – Determination of value per equity share of EVL using PECV Method

Particulars	2021	2022	2023	
PAT	29,02,747	4,22,390	52,47,000	
Weightage	1	1	1	
Average Profit				28,57,379
PE Ratio				22.72
Capitalisation Value				6,49,10,126
No. of Equity Shares				14,40,000
Value per Share (INR)				45.08

<<End of Report>>

