

2017

Report on Equity Share Valuation of IndiaNivesh Limited

As on 30th September, 2016

By

K.M. TULSIAN & ASSOCIATES
CHARTERED ACCOUNTANTS

A-703, Rajeshri Accord, 1 elly Cross Lane, Off. S. N. Road, Andheri (E), Mumbai – 40069



Date: 3rd January, 2017

Kind Attn: Mr. Rajesh Nuwal

IndiaNivesh Limited

601/602, SukhSagar,

N.S. Patkar Marg,

Girgaum Chowpatty,

Mumbai – 400 007,

India

Re: Report on valuation analysis of IndiaNivesh Limited

Dear Sir,

We refer to the engagement letter dated 18th May, 2016 appointing us to undertake an Equity Valuation for the Demerger assignment of IndiaNivesh Limited (hereinafter referred to as 'INL' or 'the Company') for the purpose elaborately mentioned in para 1 below. This report contains the valuation assessment of INL.

1. PURPOSE OF VALUATION

1.1 The Company is registered with Reserve bank of India as a Non-Banking Finance Company (NBFC) engaged into the business of acquisition and management of stressed assets, Investment in shares and securities (quoted as well as unquoted), short term financing and bridge loans. Further, INL holds investments in its subsidiaries and other group companies. We have been informed by the management of INL about their intention to demerge its investment business undertaking and hence wish to determine the fair equity share value of the abovementioned undertaking. In this connection, we have been appointed by INL to arrive at the Fair Equity value of the Company using the most appropriate method of valuation.

This report indicates value of the equity shares of the Company which in our opinion is fair & equitable.



2. SOURCES OF INFORMATION

For the purpose of conducting the valuation, we have relied upon the following sources of information:

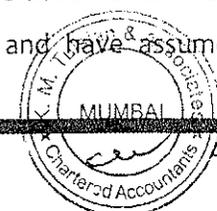
- All company specific information, including but not limited to, future financial projections of the Company as provided and certified by the Management of the Company, sourced either in the written, hard copy form, or digital form or through discussion with the Management of the Company.
- Discussions with the Management of the Company regarding the business operations;
- Information provided by leading database sources, market research reports and other published data;
- Representation letter provided by the management of the Company dated 18th October, 2016;

3. EXCLUSIONS & LIMITATIONS

- 3.1 Valuation analysis and result are specific to the purpose of equity valuation and are based on the future financial projections provided by the Management. 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. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.
- 3.2 Our work does not constitute certification of the working results of the companies referred to in this report. Accordingly we are unable to & do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.3 We provide no assurance that a sale or acquisition deal can be completed successfully at or close to our recommended valuation within a particular timeframe. Our valuation only aims to represent the likely price around which a deal can happen if more than one independently acting potential buyers/sellers are to be found after adequate efforts but within a limited timeframe after our analysis such that they have similar knowledge of the business being transacted and its environmental factors and who have no other strategic factors weighing upon their mind as regards potential of this business.
- 3.4 The recommendation(s) rendered in this report only represent the recommendation(s) based upon information furnished by the Management of the Company and the said recommendation(s) shall be considered advisory in nature. Our recommendation will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.



- 3.5 We have however, evaluated the information provided to us by the Company through broad inquiry and comparative analysis (but have not carried out a due diligence or audit of the Company for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Though the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed 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. We are not responsible for arithmetical accuracy / logical consistency of any financial model or business plan provided by the Company and used in our valuation analysis. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry.
- 3.6 Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the Company. The management of the Company has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.
- 3.7 Accordingly, we assume no responsibility for any errors in the above information furnished by the Company and their impact on the present exercise. Also, we assume no responsibility for technical information furnished by the Company and believed to be reliable.
- 3.8 We express no opinion on the achievability of the forecasts given to us. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both - the most likely set of future business events and circumstances and the management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.
- 3.9 No enquiry into IndiaNivesh' claim to title of assets or property has been made for the purpose of this valuation. With regard to Company's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management of the Company to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed



IndiaNivesh' claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

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

3.11 Neither the valuation report nor its contents may be disclosed to any third party or referred to or statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or parties without our prior written consent. We retain the right to deny permission for the same.

<This page has been intentionally left blank>



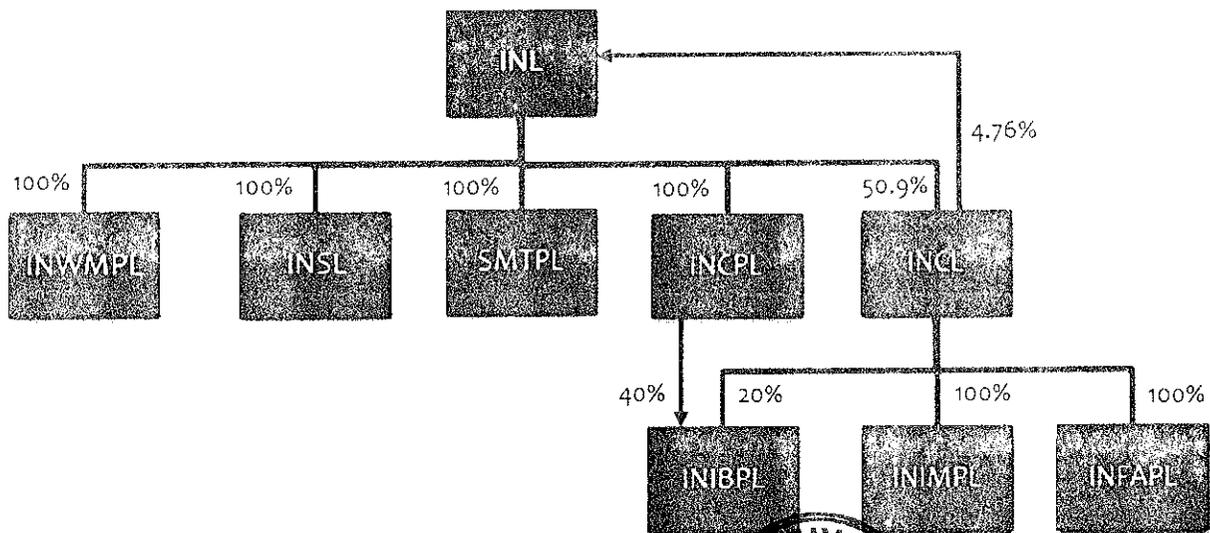
4. COMPANY BACKGROUND

IndiaNivesh Limited incorporated under the Indian Companies Act, 1913 on the 21st day of December, 1931 has its registered office at 601 & 602 Sukh Sagar, N.S. Patkar Marg, Girgaum Chowpatty Mumbai 400 007, Maharashtra, India. It is a RBI registered Non-Banking Finance Company (NBFC) listed on the Bombay Stock Exchange (BSE). The Corporate Identity Number of INL is L99500MH1931PLC001493. The Company is engaged in primarily two distinct and diverse business activities through the following undertakings, namely:

- a. Non-Banking Finance undertaking (“NBFC Undertaking”) comprising of business of Inter-Corporate Deposits, Short Term Financing and Bridge Loans, acquisition and management of Stressed Assets, Investment in shares and securities, quoted as well as unquoted including the business of providing corporate advisory. For the purpose of carrying on the above business, the Company has obtained registration of Reserve Bank of India (RBI);
- b. Investment business undertaking (Investment in Subsidiaries & Group/Associate Companies) - it is primarily a Holding Company, holding investments in its subsidiaries and other Group/Associate Companies. (“Demerged Undertaking”)

The management proposes to demerge the investment business undertaking into another Company and hence we have been appointed by INL to arrive at the Fair Equity value of the Company using the most appropriate method of valuation.

The Group Structure has been depicted below:-



Brief particulars about the business of each of the Subsidiaries Companies are given hereunder:-

a. IndiaNivesh Wealth Management Private Limited (INWMPL)

IndiaNivesh Wealth Management Private Limited is incorporated on 18th August, 2008 has its registered office at 601 & 602, Sukh Sagar, N.S. Patkar Marg, Girgaum Chowpatty, Mumbai-400007.

The company is a part of the IndiaNivesh group of companies engaged into providing the following services:-

- Stressed asset management
- Investment Banking
- Securities broking
- Commodities & Currency broking
- Insurance broking
- Depository Services
- Wealth Management
- Other financial products

b. IndiaNivesh Securities Limited (INSL)

INSL is registered as a Stock Broker with SEBI and has memberships of Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) for both Cash and Derivatives segments and also for Currency Futures Segment. INSL is a registered Depository Participant with CDSL and NSDL and with AMFI for Mutual Fund distribution.

c. IndiaNivesh Commodities Private Limited (INCPL)

INCPL is a trading cum clearing member of Multi-Commodities Exchange and National Commodities & Derivatives Exchange of India. INCPL has been providing commodities trading facilities to both corporate and retail clients since 2005

d. Siddhi Multi-Trade Private Limited (SMTPL)

The Company is engaged in the business of multi trading (Dismantling of Assets) of assets acquired in auction by banks, ARC, PSU and private parties. Company has developed expertise in this line with experienced team of professionals specializing in assessment of land, building material, plant & machinery and other items, participate in auction process and resolution of the asset



e. IndiaNivesh Capital Limited (ICL)

ICL has been registered with the Reserve Bank of India (RBI) as a Non-Banking Finance Company (NBFC) under registration no. 05.0140 dated March 20, 1998. ICL's main business activities include Investment and Trading in Shares and Securities etc. ICL has been qualified as Qualified Institutional Buyer (QIB). In the light of the opportunities available in distress assets, ICL has expanded its scope of business activity into stressed assets management, investment in shares and securities, loans etc. ICL acquires debts / assets of distressed companies.

f. IndiaNivesh Insurance Brokers Private Limited (INIBPL)

IndiaNivesh was one of the very first brokers in India to be registered and licensed by IRDA. It was founded in 2003 on set of values and principles that still governs today. They provide personalized services and exceptional products tailored to match customer needs

<This page has been intentionally left blank>



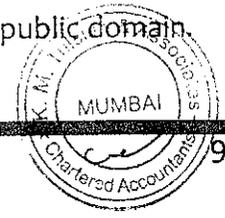
5. VALUE RECOMMENDATIONS

We have used the Discounted Free Cash Flow (DCF) method and Net Asset Value (NAV) method in our valuation analysis based on the provisional data and financial projections provided to us by the management for determining the value of the business undertaking & have adopted the market value approach for valuing the immovable (if any) transferred along with the business undertaking. The following methods were considered for the purpose of valuation:-

(a) Market Price Method (M & M): The market price of a Company, if it is listed on stock exchange, is considered as a method of valuation. It reflects the price which a buyer is willing to pay for the shares, at a point in time. It is therefore influenced by various factors including but not limited to the stock market, the financial scenario, the global scenario, risks and opportunities of the business etc. In some cases, market prices can be taken for a period based on multiple factors and are averaged out or are assigned weights, depending on the past trends on market prices, trading volumes, and other relevant factors. In case of companies not frequently traded, the market price may be very different from the inherent/intrinsic value of the shares. It is important to note that market price itself cannot be considered as the fair value per share for the entire business undertaking transferred and its relevance on the fair value per share may be different based on the factors mentioned above.

Though, the shares of the Company are listed on a recognized exchange, the price prevailing on the exchange cannot be relied upon for its accuracy & fairness for determining the swap ratio on demerger of Investment arm. Hence, use of Market price method is not possible except immovable transferred along with the business undertaking.

Comparable Transaction Multiples (CTM) method: This is a method to determine the value of a company by examining and comparing certain key ratios and the valuation multiples of public listed companies, in the peer group, with that of the Company. Peers may be grouped based on any number of criteria such as industry focus, company size, growth characteristics etc. Generally, the multiples are derived by the ratio of Enterprise Value (EV) to Earnings before Interest, Tax and Depreciation (EBITDA) or Enterprise Value (EV) to Earnings before Interest and Tax (EBIT) or Enterprise Value (EV) to Net Operating Profit after Tax (NOPAT) of the peer group. We could not find any transaction in comparable companies / businesses in India in recent times where credible and sufficient information about the transaction is available in public domain.

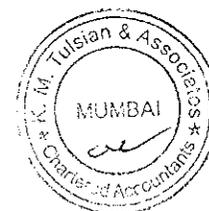


6. WORKING OF EACH SUBSIDIARY

6.1 IndiaNivesh Wealth Management Private Limited – The valuation has been derived based on the NAV method which has been demonstrated as below:-

FMV as per Rule 11UA		As on 30/09/2016	
	Particulars	Amount in INR	Amount in INR
	Book value of all assets as recorded in the balance sheet	2,15,90,313	
Less:	TDS/TCS/Advance Tax net of Provision for taxes	(1,88,500)	
	Total A		2,14,01,813
Less:	Book value of all liabilities as recorded in the balance sheet	2,15,90,313	
	<u>Except:</u>		
	Paid up equity capital	(2,09,43,400)	
	Reserves & Surplus	(4,48,642)	
	TOTAL B		1,98,271
	(A-B)		2,12,03,542
	Total no of Equity Shares		20,94,340
	Fair Market Value of the shares		10.12

The fair value of equity shares of IndiaNivesh Wealth Management Limited as at 30th September, 2016 is ~ INR 10.12 per share.



6.2 IndiaNivesh Securities Limited – The broking arm has been valued using the DCF method of valuation whereas the investments held by INSL has been separately valued using the NAV method

6.2.1 Discounted Cash Flow(DCF) method:

The Broking Arm has been valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. We have undertaken Free Cash Flow to Equity method to arrive at the equity value of the company.

Based on the past years financials provided to us by the management of INSL, we have computed the free cash flows to equity for the Company which have been discounted @ Cost of equity of 7.90%. Cost of equity has been taken on the basis of Risk Free Rate of Return and Market Risk Premium and then computed as per CAPM method. Risk Free Rate of Return of 7.59% is assumed to be equivalent to 10 years G-Sec as on 30th September, 2016 and Market Return is assumed to be 9.15% (Average of 10 Years CAGR of NIFTY September, 2016). Further, BETA has been taken as 0.3. Accordingly, CAPM based cost of equity has been arrived at 7.90%.

- a) Terminal value has been computed by using H model. The H model is a two-stage model for growth, wherein the growth rate in the initial growth phase is not constant but declines linearly over time to reach the stable growth rate in steady stage. Normal Growth rate of 1% from FY 2021 onwards has been considered for perpetuity.
- b) Number of shares considered to arrive at value per share is 1, 30, 00,000 (One crore Thirty lac) shares fully paid-up.

The working for the DCF method is attached herewith marked as Annexure “A”



Annexure A

Discounted Cash Flow Table:

(Amt in Rs.)

Particulars	1.10.2016				
	to 31.3.2017	2017-18	2018-19	2019-20	2019-20
EBIT	2,61,86,996	2,46,25,418	3,15,85,374	4,76,43,129	6,17,27,683
Less: Tax	-				
Add: Depreciation & NCC	80,54,812	1,40,95,921	1,08,84,441	84,13,331	63,09,998
Less: Working Capital Investment	2,85,91,892	50,30,58,494	(2,12,05,530)	36,73,12,587	(72,73,386)
Less: CAPEX	-	(12,50,000)	(10,00,000)	-	-
Free Cash Flow to Firm (FCFF)	6,28,33,699	54,05,29,833	2,02,64,285	42,33,69,047	6,07,64,296
Terminal Value					88,94,95,478
Period	0.50	1.00	1.00	1.00	1.00
Discounting Factor	0.96	0.89	0.83	0.77	0.71
PV of FCFF	6,04,89,869	48,22,69,400	1,67,56,424	32,44,51,056	4,31,57,729
Discounted Terminal Value					63,17,62,524

Value of firm	1,55,88,87,003
Less: Net Debt	(1,10,04,51,413)
Value of Equity	45,84,35,590
Add: market value of Office Premise	5,73,50,907
Less: Book value of Office premises	1,25,18,061
No. of Equity share	1,30,00,000
Equity Value per share as on 30th September, 2016	38.71

The fair value of equity shares of Broking Arm of IndiaNivesh Securities Private Limited as at 30th September, 2016 is ~ INR 38.71 per share.



6.2.2 Net Asset Value (NAV) method – Investment Arm

FMV as per Rule 11UA		As on 30/09/2016(MV)	
	Particulars	Amount in INR	Amount in INR
	Book value of all assets as recorded in the balance sheet(except non-current investment)	8,80,34,090	
Add:	Market Value of quoted securities	18,64,744	
Add:	Fair market value of Investment in LLP	10,40,79,702	
Less:	(TDS/TCS/Advance Tax net of Provision for taxes	(16,01,360)	
Less:	Deferred Tax Asset	(20,40,893)	
	Total A		19,03,36,283
Less:	Book value of all liabilities as recorded in the balance sheet	6,24,50,000	
	<u>Except:</u>		
	Paid up equity capital		
	Provisions except for arrears of dividend payables in respect of cumulative preference shares		
	Reserves & Surplus		
	Contingent liabilities		
	TOTAL B		6,24,50,000
	(A-B)		12,78,86,283
	Total no of Equity Shares		1,30,00,000
	Fair Market Value of the shares		9.84

The fair value of equity shares of Investment Arm of IndiaNivesh Securities Private Limited as at 30th September, 2016 is ~ INR 9.84 per share

Particulars	As on 30.9.16		
	VPS	Weights	Wtd Avg
Investment arm	9.84	0.26	2.56
Broking arm	38.71	0.74	28.64
Weighted average value as on 30th September 2016			31.20

The Weighted Average value of equity shares of IndiaNivesh Securities Limited as at 30th September, 2016 is ~ INR 31.20 per share.



6.3 Siddhi Multitrade Private Limited – The valuation has been derived based on the NAV method which has been demonstrated as below:-

FMV as per Rule 11UA		As on 30/09/2016	
	Particulars	Amount in INR	Amount in INR
	Book value of all assets as recorded in the balance sheet	18,74,96,792	
Less:	(TDS/TCS/Advance Tax net of Provision for taxes)	(11,104)	
	Total A		18,74,85,689
Less:	Book value of all liabilities as recorded in the balance sheet	18,74,96,792	
	<u>Except:</u>		
	Paid up equity capital	(1,00,000)	
	Reserves & Surplus	3,21,58,078	
	Excess Provision for Dep	(896)	
	TOTAL B		21,95,53,975
	(A-B)		-3,20,68,286
	Total no of Equity Shares		10,000
	Fair Market Value of the shares		-3,207

The fair value of equity shares of Siddhi Multitrade Private Limited as at 30th September, 2016 is~ INR -3,207/- per share.



6.4 IndiaNivesh Commodities Private Limited

6.4.1 Discounted Cash Flow (DCF) method:

Under the DCF method, the company is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. We have undertaken Free Cash Flow to Equity method to arrive at the equity value of the company.

Based on the past years financials provided to us by the management of INCPL, we have computed the free cash flows to equity for the Company which have been discounted @ Cost of equity of 8.90%. Cost of equity has been taken on the basis of Risk Free Rate of Return and Market Risk Premium and then computed as per CAPM method. Risk Free Rate of Return of 7.45% is assumed to be equivalent to 10 years G-Sec as on 30th September, 2016 and Market Return is assumed to be 8.90% (Average of 10 Years CAGR of NIFTY September, 2016). Further, BETA has been taken as 1. Accordingly, CAPM based cost of equity has been arrived at 8.90%.

- a) Terminal value has been computed by using H model. The H model is a two-stage model for growth, wherein the growth rate in the initial growth phase is not constant but declines linearly over time to reach the stable growth rate in steady stage. Normal Growth rate of 1% from FY 2021 onwards has been considered for perpetuity.
- b) Number of shares considered to arrive at value per share is 1,050,000 (Ten Lacs Fifty Thousand) shares fully paid-up.

The working for the DCF method is attached herewith marked as **Annexure "B"**



Annexure B

Discounted Cash Flow Table:

(Amt in Rs.)

Particulars	1-10-2016				
	to 31-03-2017	2017-18	2018-19	2019-20	2019-20
EBIT	(57,42,665)	(7,07,267)	2,07,094	7,88,053	18,52,173
Less: Tax	-	2,44,771	(71,671)	(2,72,729)	(6,41,000)
Add: Depreciation & NCC	8,70,266	8,96,213	7,16,970	9,73,576	10,95,861
Less: Working Capital Investment	(1,19,66,551)	55,47,824	61,02,607	(32,87,133)	73,84,154
Less: CAPEX	-	(10,00,000)	-	(20,00,000)	(15,85,000)
Free Cash Flow to Firm (FCFF)	(1,68,38,950)	49,81,541	69,55,000	(37,98,233)	81,06,188
Terminal Value					10,36,36,078
Period	0.5	1	1	1	1
Discounting Factor	0.96	0.88	0.81	0.74	0.68
PV of FCFF	(1,61,36,192)	43,83,509	56,19,885	(28,18,279)	55,23,206
Discounted Terminal Value					7,06,13,138

Value of firm	6,71,85,267
Less: Net Debt	-
Value of Equity	6,71,85,267
Add market value of property	1,60,80,976
Less Book value of property	(25,30,000)
Add market value of INIB	6,65,88,000
Less Book value of INIB	(20,00,000)
	14,53,24,243
No. of Equity share	10,50,000
Equity Value per share as on 30th September 2016	138.40

Accordingly, based on above, value of Equity shares of IndiaNivesh Commodities Private Limited as at 30th September, 2016 is ~INR 138.40 per share.



6.5 IndiaNivesh Capital Limited -The valuation has been derived based on the NAV method which has been demonstrated as below:-

FMV as per Rule 11UA		As on 30/09/2016	
	Particulars	Amount in INR	Amount in INR
	Book value of all assets as recorded in the balance sheet	1,98,24,89,723	
Less:	(TDS/TCS/Advance Tax net of Provision for taxes)	(7,55,578)	
Add/Less:	Appreciation/depreciation in value of investment	(5,65,67,097)	
	Total A		1,92,51,67,048
Less:	Book value of all liabilities as recorded in the balance sheet	1,98,24,89,723	
	Except:		
	Paid up equity capital	8,19,25,000	
	Reserves & Surplus	68,03,27,461	
	TOTAL B		1,22,02,37,262
	(A-B)		70,49,29,785
	Total no of Equity Shares		81,92,500
	Fair Market Value of the shares		86.05

The fair value of equity shares of IndiaNivesh Capital Limited as at 30th September, 2016 is ~INR 86.05 per share.



6.6 SUMMARY OF VALUATION

The current valuation has been carried out on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

On the basis of the above, in our opinion, the fair value of equity shares of IndiaNivesh Limited, as on September 30, 2016 is arrived at -INR ~23.827 as below.

Particulars of Investment	Valuation Method Adopted	No of Shares held (A)	Value per share derived (B)	Equity Value (A*B)
INSL	DCF-Broking Arm NAV-Investment Arm	1,30,00,000	31.2	40,56,00,000
SMTPL	NAV	10,000	-3207	-3,20,70,000
INCPL	DCF	10,50,000	138.40	14,53,20,000
INCL	NAV	41,77,000	86.05	35,94,30,850
INWMPL	NAV	20,94,340	10.12	2,11,94,721
Total				89,94,75,571
No. Of Shares				3,77,50,000
VPS				23.827

For K.M. Tulsian & Associates
 Chartered Accountants
 (Firm Reg. No.111075W)

N.K. Musahib

Nitesh Musahib
 Partner

Membership No.: 131146

Place: Mumbai

Date: 3rd January, 2017



K.M. TULSIAN & ASSOCIATES
CHARTERED ACCOUNTANTS

TO WHOMSOEVER IT MAY CONCERN

This is to certify that the fair value of an Equity Share as on 30th September, 2016 of **IndiaNivesh Limited**, being a company incorporated in India having its registered office at 601/602, Sukh Sagar, N.S. Patkar Marg, Girgaum Chowpatty, Mumbai 400 007, India, is estimated at **~Rs.23.827** (Rupees Twenty Three and Eighty Two Paise Only).

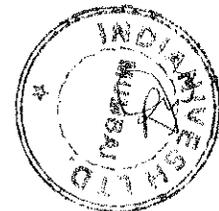
The Fair Market Value of the Company is based on the Business Plan provided by the management of the IndiaNivesh Limited on 18th October, 2016 for the years FY 2016-17 to FY 2020-21.

All assumptions, data & facts are provided by the management of IndiaNivesh Limited, and these may deviate from actuals. Since the estimates of earnings are contingent upon future transactions, we have not vouched the accuracy of the forecast.

For K.M. Tulsian & Associates
Chartered Accountants
Firm Regn. No.: 111075W

N.K. Musahib

CA Nitesh Musahib
Partner
Membership No. 131146
Place: Mumbai
Date: 3rd January, 2017



Report on Equity Share Valuation of IndiaNivesh Financial Advisors Limited

As on 30th September, 2016

By

K.M. TULSIAN & ASSOCIATES
CHARTERED ACCOUNTANTS

A-703, Rajeshwari Accord, Tolly Cross Lane, Off. S. N. Road, Andheri (E), Mumbai - 400069



Date: 3rd January, 2017

Kind Attn: Mr. Rajesh Nuwal

IndiaNivesh Financial Advisors Limited

601/602, SukhSagar,

N.S. Patkar Marg,

Girgaum Chowpatty,

Mumbai – 400 007,

India

Re: Report on valuation analysis of IndiaNivesh Financial Advisors Limited

Dear Sir,

We refer to the engagement letter dated 18th May, 2016 appointing us to undertake the valuation of IndiaNivesh Financial Advisors Limited (hereinafter referred to as 'INFAL' or 'the Company') for the purpose mentioned in para 1 below. This report contains the valuation assessment of INFAL.

1. PURPOSE OF VALUATION

- 1.1 We have been informed by the management of INFAL of a probable merger of investment business undertaking of IndiaNivesh Limited into INFAL and hence the management wish to determine the fair equity share value of the Company for the purpose of calculating the swap ratio.
- 1.2 In this connection, we have been appointed by INFAL to arrive at the Fair Equity value of the Company using the most appropriate method of valuation.
- 1.3 This report indicates value of the equity shares of the Company which in our opinion is fair & equitable.



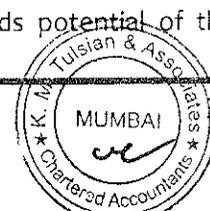
2. SOURCES OF INFORMATION

For the purpose of conducting the valuation, we have relied upon the following sources of information:

- All company specific information, including but not limited to, future financial projections of the Company as provided and certified by the Management of the Company, sourced either in the written, hard copy form, or digital form or through discussion with the Management of the Company.
- Discussions with the Management of the Company regarding the business operations;
- Information provided by leading database sources, market research reports and other published data;
- Provisional Balance sheet as at 30th September 2016
- Representation letter provided by the management of the Company dated 18th October, 2016.

3. EXCLUSIONS & LIMITATIONS

- 3.1 Valuation analysis and result are specific to the purpose of equity valuation and are based on the provisional / future financial projections provided by Management. 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. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.
- 3.2 Our work does not constitute certification of the working results of the companies referred to in this report. Accordingly we are unable to & do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.3 We provide no assurance that a sale or acquisition deal can be completed successfully at or close to our recommended valuation within a particular timeframe. Our valuation only aims to represent the likely price around which a deal can happen if more than one independently acting potential buyers/sellers are to be found after adequate efforts but within a limited timeframe after our analysis such that they have similar knowledge of the business being transacted and its environmental factors and who have no other strategic factors weighing upon their mind as regards potential of this



business.

- 3.4 The recommendation(s) rendered in this report only represent the recommendation(s) based upon information furnished by the Management of the Company and the said recommendation(s) shall be considered advisory in nature. Our recommendation will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- 3.5 We have however, evaluated the information provided to us by the Company through broad inquiry and comparative analysis (but have not carried out a due diligence or audit of the Company for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Though the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed 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. We are not responsible for arithmetical accuracy / logical consistency of any financial model or business plan provided by the Company and used in our valuation analysis. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry.
- 3.6 Also, we have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the Company. The management of the Company has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.
- 3.7 Accordingly, we assume no responsibility for any errors in the above information furnished by the Company and their impact on the present exercise. Also, we assume no responsibility for technical information furnished by the Company and believed to be reliable.
- 3.8 We express no opinion on the achievability of the forecasts given to us. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both - the most likely set of future business events and circumstances and the management's course of



action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

- 3.9 No enquiry into Company's claim to title of assets or property has been made for the purpose of this valuation. With regard to Company's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management of the Company to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed Company's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.
- 3.10 We do not accept any liability to any third party in relation to the issue of this valuation report.
- 3.11 Neither the valuation report nor its contents may be disclosed to any third party or referred to or statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or parties without our prior written consent. We retain the right to deny permission for the same.

<This page has been intentionally left blank>



4. BRIEF BACKGROUND OF COMPANY

IndiaNivesh Financial Advisors Limited is a Public Limited Company incorporated under the Companies Act, 1956 on the 25th day of April, 2006 and has its registered office at 601 & 602 Sukh Sagar, N.S. Patkar Marg, Girgaum Chowpatty Mumbai 400 007, Maharashtra, India and has been primarily incorporated inter alia to act as financial consultants/advisors, counselors in investment and capital market.

5. VALUE RECOMMENDATIONS

We have used the Net Asset Value (NAV) method in our valuation analysis based on the provisional data provided to us by the Management. The following valuation methods were considered by us:

(a) Market Price Method (M & M):- The market price of a Company, if it is listed on stock exchange, is considered as a method of valuation. It reflects the price which a buyer is willing to pay for the shares, at a point in time. It is therefore influenced by various factors including but not limited to the stock market, the financial scenario, the global scenario, risks and opportunities of the business etc. In some cases, market prices can be taken for a period based on multiple factors and are averaged out or are assigned weights, depending on the past trends on market prices, trading volumes, and other relevant factors. In case of companies not frequently traded, the market price may be very different from the inherent/intrinsic value of the shares. It is important to note that market price itself cannot be considered as the fair value per share and its relevance on the fair value per share may be different based on the factors mentioned above.

The shares of the Company are not listed on any recognized exchange. Hence, use of Market price method is not possible.

(b) Comparable Transaction Multiples (CTM) method:- This is a method to determine the value of a company by examining and comparing certain key ratios and the valuation multiples of public listed companies, in the peer group, with that of the Company. Peers may be grouped based on any number of criteria such as industry focus, company size, growth characteristics etc.



Generally, the multiples are derived by the ratio of Enterprise Value (EV) to Earnings before Interest, Tax and Depreciation (EBITDA) or Enterprise Value (EV) to Earnings before Interest and Tax (EBIT) or Enterprise Value (EV) to Net Operating Profit after Tax (NOPAT) of the peer group companies.

We could not find any transaction in comparable companies / businesses in India in recent times where credible and sufficient information about the transaction is available in public domain.

(c) Discounted Cash Flow (DCF) method: Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter.

The above method cannot be used in the present case as the business does not have any revenue from operations on the basis of which future cash flows are possible to predict.

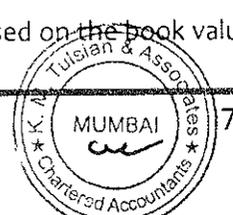
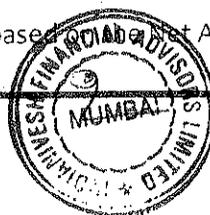
(d) Net Asset Value (NAV) method :- This method involves determining value of the company on the basis of value of the assets and liabilities as disclosed in its periodical statements as adjusted by any known increase or decrease in the value of the assets or liabilities disclosed therein. This is one of the most conservative approaches in valuation and many times treated as the minimum value for any transaction.

The Net Worth or the Net Asset Value of the Company is calculated by deducting the total outside liabilities and the estimated value of contingent liabilities not provided for in the books from the total value of tangible & intangible assets in the nature of patents and copyrights. The total value of assets for this purpose does not include miscellaneous expenditure to the extent not written off such as preliminary expenses and other deferred revenue expenditure.

However, the question arises as to what should be the value of assets. While one approach suggests that to assess the true net worth of a Company, one should rely on the market value of the Company's assets. In such a case, the assets are re-valued by a registered valuer for the purpose of determining the true net worth of the Company.

Alternatively, one may also rely on the book value of the assets as reflected by the latest available balance sheet. In such case, the net worth can also be arrived at by deducting miscellaneous expenditure to the extent not written off and estimated value of contingent liabilities from the sum of paid up share capital and reserves and surplus.

We enclose our opinion on the valuation based on Net Asset Value method based on the book value



as reflected in the latest available balance sheet adjusted by any increase /decrease in the value of any asset or liability (If any) marked as **Annexure "A"** to this report.

Annexure "A"

Calculation of FMV of Equity Shares as per NAV Method as on 30th September, 2016

FMV as per Rule 11UA		As on 30/09/2016	
	Particulars	Amount in INR	Amount in INR
	Book value of all assets as recorded in the balance sheet	4,74,60,025	
Less:	(TDS/TCS/Advance Tax net of Provision for taxes	-	
	Total A		4,74,60,025
Less:	Book value of all liabilities as recorded in the balance sheet	4,74,60,025	
	<u>Except:</u>		
	Paid up equity capital	(4,38,03,000)	
	Reserves & Surplus	(36,57,025)	
	TOTAL B		-
	(A-B)		4,74,60,025
	Total no of Equity Shares		43,80,300
	Fair Market Value of the shares		10.83

Accordingly, based on above, value of Equity shares of IndiaNivesh Financial Advisors Limited as at 30th September, 2016 is ~INR 10.83 per share.

For K.M. Tulsian & Associates
Chartered Accountants
(Firm Reg. No.111075W)

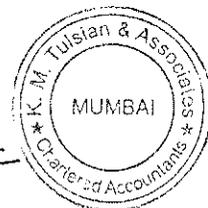
N.K. Musahib

Nitesh Musahib
Partner

Membership No.: 131146

Place: Mumbai

Date: 3rd January, 2017



K.M. TULSIAN & ASSOCIATES
CHARTERED ACCOUNTANTS

TO WHOMSOEVER IT MAY CONCERN

This is to certify that the fair value of an Equity Share as on 30th September, 2016 of **IndiaNivesh Financial Advisors Limited**, being a company incorporated in India having its registered office at 601/602, Sukh Sagar, N.S. Patkar Marg, Girgaum Chowpatty, Mumbai 400 007, India, is estimated at ~Rs.10.83 (Rupees Ten and Eighty Three Paise Only).

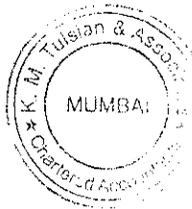
The Fair Market Value of the Company is based on the Business Plan provided by the management of the IndiaNivesh Limited on 18th October, 2016 for the years FY 2016-17 to FY 2020-21.

All assumptions, data & facts are provided by the management of IndiaNivesh Financial Advisors Limited, and these may deviate from actuals. Since the estimates of earnings are contingent upon future transactions, we have not vouched the accuracy of the forecast.

For **K.M. Tulsian & Associates**
Chartered Accountants
Firm Regn. No.: 111075W

N.K. Musahib

CA Nitesh Musahib
Partner
Membership No. 131146
Place: Mumbai
Date: 3rd January, 2017



K.M. TULSIAN & ASSOCIATES
CHARTERED ACCOUNTANTS

TO WHOMSOEVER IT MAY CONCERN

This is to certify & confirm the following:-

- Fair value of 1 Equity share of par value Re.1/- each of IndiaNivesh Limited (INL) as on 30th September 2016 is determined at ~Rs. 23.827 (Refer Valuation Report dated 3rd January 2017)
- Fair value of 1 Equity Share of par value Re.10/- each of IndiaNivesh Financial Advisors Limited (INFAL) as on 30th September 2016 is determined at ~Rs 10.83 (Refer Valuation Report dated 3rd January 2017)

This valuation exercise has been carried out to arrive at the relative values of the share of each company for the purpose of arriving at a fair & equitable consideration for the demerger of the business undertaking of INL into INFAL.

The exchange ratio on demerger of business undertaking of INL into INFAL has been determined as under:-

Particulars	INL	INFAL
Value Per Share	23.827	10.83
Exchange Ratio – 22 new shares shall be issued for every 10 shares held by shareholder in INL	10:22	
Existing no of shares in INL (Equity shares of Rs.1/- each)	3,77,50,000	
New shares to be issued by INFAL to shareholders of INL (Equity share of Rs.10/- each)	8,30,50,000	

This certificate is to be read in conjunction/continuation with the valuation reports of INL & INFAL issued to the management of respective companies.

For K.M. Tulsian & Associates
Chartered Accountants
Firm Regn. No.: 111075W

N.K. Musahib
CA Nitesh Musahib
Partner
Membership No. 131146
Place: Mumbai

Date: 3rd January, 2017

