

SHALIMAR AGENCIES LIMITED

Valuation report for valuation of equity shares under Regulation 8(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

A. N. GAWADE

FCA, RV (IBBI)

Registered Valuer

Securities or Financial Assets

Regn No. IBBI/ RV/05/2019/10746



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Regn No. IBBI/ RV/05/2019/10746

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Date: 07/05/2024

To,

Spice Lounge LLP (Acquirer)

Mr. Mohan Babu Karjola (Acquirer)

Mr. Venugopal Naidu Kongarla Venkatesh (Acquirer)

Ref: Fair Value of equity shares of Shalimar Agencies Limited ("Target Company")

Dear Sirs,

I have been engaged by the acquirers for the Valuation of shares of Shalimar Agencies Limited ("Company" or "SAL" or "Target Company") as they require to make Public Announcement for an Open Offer in terms of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011 (hereinafter referred to as SEBI (SAST) Regulations). The Company is registered under the Companies Act, 1956 (Now, the Companies Act, 2013) (CIN: L72100TG1981PLC114084) and its registered office is at Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

The purpose of the engagement is to assess the fair value of shares of the company as per Regulation 8(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011 ("Regulations").

I had relied on the financial statements given by the acquirers of Shalimar Agencies Limited And trade data received from BSE and other details received from MCA.

Based on the information provided by the acquirers, I have arrived at the "Fair Value" ("Valuation" or "Value") of the Company as on the relevant date i.e., May 03, 2024. I observed that the shares of Shalimar Agencies Limited are infrequently traded, and the value of equity shares of the Company under Regulation 8(2)(e) is arrived at INR 15.00/- per equity share. The detailed valuation report including computation of fair value of equity shares of the Company has been attached in subsequent pages.

Thanking You,
Yours Faithfully,



Mr. Anandkumar Gawade,
Registered Valuer
Reg. No. IBBI/RV/05/2019/10746

UDIN: 24110752BKEOBV3265



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Scope and Purpose of this report and appointing authority:

I, Mr. Anandkumar Gawade, Registered Valuer have been engaged by Acquirers of the target company - Shalimar Agencies Limited to submit a valuation report recommending the fair value of Equity Shares of the company under Regulation 8(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011. Equity shares of the Company are frequently traded on the stock exchange as per Regulation 2(j) of the SEBI SAST Regulations therefore valuation is to be carried out as per Regulation 8(2) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The relevant extract of Regulation 8(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 is as under:

8. Offer Price-

(2) In the case of direct acquisition of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-regulation (2) of regulation 5 are met, the offer price shall be the highest of,—

- a) the highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer.
- b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement.
- c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the date of the public announcement.
- d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;
- e) where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and
- f) the per share value computed under sub-regulation (5), if applicable.

As per the above valuation guidelines the objective of the valuation process is to make a best reasonable judgment of the value of the equity share of a company.



Key dates:

Valuation Date: The value of the company should be considered to be the value as on the relevant date i.e., May 03, 2024 considering the latest available financials as disclosed to the stock exchange and the trading data up to the relevant date.

Appointment Date: 03, May 2024.

Report Date: Our valuation report has been submitted as of 07, May 2024.

Identity of the valuer and other experts involved in the valuation:

Valuation is carried out by me, i.e. Anandkumar Gawade, Registered valuer under Class Securities or Financial Assets vide Registration No. IBBI/RV/05/2019/10746. I am also Practicing Chartered Accountants since 2002 vide MRN 110752. There were no other experts involved in the carrying out process of valuation of equity shares. I am allowed to carry out the same valuation as per rules.

Declaration of Independence of Valuer and Financial Interest:

I hereby declare that I am independent of the Subject Company for valuation and has not been under any direct or indirect influence, which may affect the valuation exercise. I also state that I have no financial interest in the Subject Company for valuation, except earlier services for valuation. I also confirm that this engagement shall be in compliance with the model Code of Conduct issued by IBBI vide Valuation Rule.

Sources of Information:

The following information has been received from the Management of SAL:

- Audited Financial statements of the Company for the period for FY 2023, FY 2022 and FY 2021.
- Limited Reviewed Financial statements of the Company for the period for period ended 31 December 2023.
- Quantity of shares traded and Traded turnover of equity shares of Company on Bombay Stock Exchange (BSE).
- I have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of Shalimar Agencies Limited.

Inspections and/or Investigations undertaken:

- I have verified the industry in which the company is operating and the performance of the industry.
- I have applied all the appropriate techniques for arriving at the valuation.



Premise of Value/Assumed Use:

A Premise of Value or Assumed Use describes the circumstances of how an asset or liability is used. Different bases of value may require a particular Premise of Value or allow the consideration of multiple Premises of Value. In this case, Premise of Value – Current Use/Existing Use premise is used. Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used.

Bases of Valuation:

Market Value is the estimated amount for which an asset or liability should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.



Introduction and background of Company:

Shalimar Agencies Limited is engaged in the business of providing Computer and outsourcing services in information technology sector. It includes data, voice or video collection and processing, call centre services.

CIN	L72100TG1981PLC114084
Company Name	SHALIMAR AGENCIES LIMITED
ROC Code	ROC- Hyderabad
Registration Number	110484
Company Category	Company limited by Shares
Company SubCategory	Non-govt company
Class of Company	Public
Authorised Capital(Rs)	70,00,00,000
Paid up Capital(Rs)	3,00,10,000
Date of Incorporation	04/06/1981
Registered Address	Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

(source: www.mca.in)

Current Capital Structure of the Company:

Particulars	Amount in Rs.
Issued, Subscribed and Paid up Share Capital	
30,01,000 Equity shares of Rs. 10/- each	3,00,10,000

Working of Infrequently Traded shares on BSE:

Total No. of shares of Shalimar Agencies Limited	30,01,000
10% of total shares of Shalimar Agencies Limited	3,00,100
Total Traded Shares on Stock Exchange	53,991
Hence the shares of Shalimar Agencies Limited is Infrequently traded	



Details of the proposed Transaction:

The Board of Directors of SAL at its meeting held on May 07, 2024 approved the Preferential issue of Equity shares. The Preferential issue of Equity shares will be done by SAL in lieu of purchase of Equity Shares of Chicken Wild wings Private Limited, Mirchi Wild Wings Private Limited, Teksoft Systems Inc (hereinafter referred to as 'proposed transaction'). The said proposed transaction is resulting in Acquirers% holding crossing the stipulated limit of 25% holding in SAL as mentioned in the SEBI SAST Regulations. On account of this, the Acquirers have requested to issue valuation report under Regulation 8(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011.

Pricing under Regulation 8(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011.

Our scope of work is to determine the value per share as per Regulation 8(2)(e) of SEBI SAST Regulations considering the shares of the Company are not frequently traded. However, as per the pricing guidelines as stipulated in Regulation 8(2) of SEBI SAST regulations, the offer price shall be the highest price as arrived at –(a) to (f) as mentioned above.

Conclusion:

In the light of above, and on the consideration of all relevant factors and circumstances as discussed and outline hereinabove, the price of the Equity Shares of Shalimar Agencies Limited under Regulation 8(2)(e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011 is **INR 15.00** per share.

Annexure-1: Calculation of per share value as per point (e) of Pricing under Regulation 8(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011.



Procedures adopted in carrying out the valuation and valuation standards followed:

- Business valuation has been carried out using approaches and methodologies given under IVS 105 "Valuation Approaches and Methods" and in compliance with SEBI ICDR Regulations
- Business valuation is carried out by Market Price Method.
- Scope of this report is provided by complying the IVS 101 "Scope of Work".
- Investigations undertaken for carrying out the valuation is done as per IVS 102 "Investigations and Compliance". Sufficient Evidence has been assembled by means of inspection, enquiry and analysis.

Given the shares are infrequently traded, I have applied other approaches to valuation as per method prescribed under SEBI ICDR Regulation 165 follows:

1) **Market Approach:**

The Market Approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

The Market Approach should be applied and afforded significant weight under the following circumstances:

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

There are some of the limitations to the Market Approach which are as follows:

- It is difficult to identify transactions or companies that are comparable. There is usually a lack of a sufficient number of comparable companies or transactions.
- It is less flexible compared to other methods.

Market Price Method:

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity share of the company with appropriate adjustments where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the share.

Shalimar Agencies Limited being a listed Company on stock exchange, its market price can be easily calculated. Shares of company are infrequently traded in the market as per the relevant provisions of the SEBI ICDR. However, since, company's stock market price is more than its peers, I have considered this approach with lesser weights assigned to it.

The method raises questions on how much data is available and how good the data is. The company is a listed company and shares of the company are traded infrequently in the Market since, the traded turnover of Shalimar during the 240 trading days preceding the relevant date is less than 10% of its total number of Shares.

I have considered data of 12 Months preceding the relevant date for computation of price under this approach. As per calculation, Market price is arrived at Rs.50.41.



Guideline Public Company Price Method:

This method requires you to identify comparable businesses and get the share price for their listed securities. We shortlisted peer companies as per similar revenue companies in similar businesses. Under this method benchmarked value multiple is applied to the target company.

Under this method, final value is arrived at Rs 10.24 per share.

2) Income Approach:

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

- The income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- Reasonable projections of the amount and timing of future income are available to the subject asset, but there are few, if any, relevant markets comparable.

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

One of the advantages is that the Income Approach has over the other two approaches is that it is more flexible in addressing firms or assets that are in different stages of the life cycle. This is because this approach factors in varying operating conditions over the projected period. The Income Approach is also able to cater to the differing investment or ownership needs of the buyer and seller, by measuring risks through its discount or capitalization rate, or by including cost synergies in its projections.

Due to unavailability of projections, I have not used DCF Method for valuation, I have used Profit Earning Capitalization Method (PECV), here I have capitalized the weighted average profit of past three years (FY-2023, 2022 and 2021) by using a capitalization rate of 19.90% (calculation attached below). Income Approach has been given no weightage since the company is incurring losses.

Profit Earning Capacity Value					
Calculation of Value per Share					
Year	PBT	Weight	PAT	Value x Weight	Average PAT
2020-2021		1.00	(9.22)	(9.22)	
2021-2022		1.00	(10.69)	(10.69)	
2022-2023		1.00	(8.58)	(8.58)	
1st April'23 to 31st December'23		0.75	(0.43)	(0.32)	
Weighted Average Profit After Tax					(7.68)
Capitalisation Rate					19.90%
Capitalised Equity Value					(38.60)
No. of Equity Shares					30.01
Value Per Share					(1.29)



Capitalization Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	1.20	Industry Beta by professor Aswath Damodaran.
Additional risk premium	4.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	19.90%	Computation

*Source: <https://www.ccilindia.com/RiskManagement/SecuritiesSegment/Pages/ZCYC.aspx>

3) Cost Approach:

The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk, or other factors are involved. The Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The Cost Approach should be applied and afforded significant weight under the following circumstances:

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

I have calculated the amount of Net Worth in the books of the company as on December 31, 2023. Net Asset Value method has been given 10% weightage.

Calculation of Book Value as on 31st December 2023					
Particulars			INR		INR
Share Capital			300.10		
Add : Reserve & Surplus			-14.66		
					285.44
BOOK VALUE					285.44
No. of Equity Shares(Face Value@10)					30.01
Value Per Share (Rs.)					9.51

Conclusion of Value of Shalimar Agencies Ltd.

Final value is calculated as per table below:

Calculation of Fair Value				
Valuation Method	Value (In INR)		Weights	Value x Weight
Market Value	50.41		0.1	5.04
Market Value Peer Companies	10.24		0.8	8.19
Net Asset Value Method	9.51		0.1	0.95
Profit Earning Capacity Value	-1.29		0	-
			1	14.19
Weighted Average Price				14.19
Add - Control Premium @ 5%				0.71
Fair Value				14.90
Fair Value Rounded Off				15.00

Note: Management has represented that there will be a change in control pursuant to the preferential issue and accordingly we have considered a control premium based on the Market Equity risk premium.

Conclusion:

Based on the information provided by the acquirers, I have arrived at the "Fair Value" ("Valuation" or "Value") of the Company as on the Public announcement date i.e., May 07, 2024. I observed that the shares of Shalimar Agencies Limited are infrequently traded, and the value of equity shares of the Company under Regulation 8(2)(e) is arrived at INR **15.00/-** per equity share.

Limitations, Caveats and Disclaimers:

1. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. My client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/I do not take any responsibility for the unauthorized use of this report.

2. Responsibility of RV

I owe responsibility to only to the authority/client that has appointed me/us under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

3. Accuracy of Information

While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.

4. Post Valuation Date Events

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

5. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client request, I have provided a single value for the overall Fair Value Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

6. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged

The actual market price achieved may be higher or lower than my estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.



7. Reliance on the representations of the owners/clients, their management and other third parties

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

8. No procedure performed to corroborate information taken from reliable external sources

I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

9. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

10. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

11. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report.

12. I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking my evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my tendering evidence before such authority shall be under the applicable laws.

13. While my work has involved an analysis of trading data, my engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. my report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.



14. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment.
15. The actual market price achieved may be higher or lower than my estimate of depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. I also emphasize that my opinion is not the only factor that should be considered by the parties in agreeing the transaction price.
16. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.
17. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.
18. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
19. I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of My analysis.
20. My report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining My prior written approval for any purpose other than the purpose for which it is prepared.
21. The information provided by the management is believed to be true and reliable to the best of my knowledge, I do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.



- 22.** No investigation of the company's claim to title of the assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. My report is not, nor should it be construed, as I am certifying the compliance with the provisions of any law including Company and Taxation laws or as regards any legal, accounting or taxation implications or issues.
- 23.** I have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.
- 24.** Valuation analysis are specific to the date of this report. A valuation 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, my valuation results are, to a significant extent, subject to continuance of current trends beyond the date of report. I, however have no obligation to update this report for events, trends, transactions occurring subsequent to the date of this report. This report is prepared as per Indian Laws and Rules.
- 25.** I owe no responsibility neither accept any liability to any third party in relation to issue of this report for any false or incorrect information given to me or anything beyond my control.

Thanking You

End of Report



SHALIMAR AGENCIES LIMITED

VALUATION REPORT FOR VALUATION OF EQUITY SHARES FOR THE PROPOSED PREFERENTIAL ALLOTMENT U/S SECTION 62(1)(C) OF THE COMPANIES ACT, 2013 AND REGULATION 165 AND 166A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

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FCA, RV (IBBI)

Registered Valuer

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Phone No. Ph. 7722063311
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Registered Valuer

Securities or Financial Assets

Regn No. IBBI/ RV/05/2019/10746

Date: 07 May, 2024

To,
The Board of Directors
Shalimar Agencies Limited
Plot no.19, Sanali Spazio, Software unit Layout,
Cyber Tower Area, Madhapur, Hyderabad 500081

Sub: Submission of Valuation Report for issue of Equity Shares for the proposed preferential allotment u/s Section 62(1)(c) of the Companies Act, 2013 and Regulation 165 and 166A of the Securities and Exchange Board of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018.

Dear Sir/s,

I have been engaged by the Management of Shalimar Agencies Limited (hereinafter referred to as "Company" or "SAL") for the purpose of assessing fair value of Equity Shares for the proposed preferential allotment under Sec 62(1)(c) of the Companies Act 2013 and Regulation 165 and 166A Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 since the Company is Listed in BSE Ltd. The Company is registered under the Companies Act, 1956 (Now, the Companies Act, 2013) (CIN: L72100TG1981PLC114084) and its registered office is at Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

I have relied on the financial statements given by the management of the company and have not assessed the merits or legality of the transaction. Our report is not some advice on the transaction and should not be used as the basis of investment. In case of material changes in the financial statements or financial position of the company, the values may change significantly. Our valuation conclusion will not necessarily be the price at which actual transaction will take place.



Based on the information provided by the management, I have arrived at the "Fair Value" ("Valuation" or "Value") of the Company. It should be noted that the valuation engagement is purely an analytical exercise based on the information and documents given to us. Based on our assessment, the value of the shares of the Company is arrived at INR 15/- per equity share. The detailed valuation report including the computation of fair value of the Equity share of the Company has been attached in subsequent pages.

Thanking You,

Yours Faithfully,



Mr. Anandkumar Gawade,

Registered Valuer

Reg. No. IBBI/RV/05/2019/10746

UDIN: 24110752BKEOBU5540



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Scope and Purpose of this report and appointing authority:

Mr. Anandkumar Gawade, Registered Valuer has been requested by the Board of Directors of the Company to submit a valuation report recommending the fair value of equity shares of the Company for proposed preferential allotment. Equity shares of the Company are infrequently traded on the stock exchange as per SEBI ICDR Regulations.

Our report is subject to the scope of limitations detailed herein after. As such the report is said to be read in totality, not in parts, in conjunction with the relevant documents referred to therein.

The relevant extracts of the Companies Act, 2013 is as under:

62. Further issue of share capital—(1) Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(c) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.

The relevant extracts of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 is as under:

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 registered valuer to the stock exchange where the equity shares of the issuer are listed.

Key Dates:

For the purpose of this assignment of valuation, following shall be the key dates:

- a. Valuation Date:** The value of the company should be considered to be the value as on the relevant date i.e May 03, 2024 considering the latest available financials as disclosed to the stock exchange and the trading data up to the relevant date.
- b. Report Date:** Our original valuation report has been submitted as of 07 May, 2024
- c. Date of Appointment:** 03, May 2024.

Identity of the valuer and other experts involved in the valuation:

Valuation is carried out by me, i.e. Anandkumar Gawade, Registered valuer under Class Securities or Financial Assets vide Registration No. IBBI/RV/05/2019/10746. I am also Practicing Chartered Accountant since 2002 vide MRN 110752. There were no other experts involved in the carrying out process of valuation of Securities. I am allowed to carry out the said valuation as per rules.



Declaration of Independence of Valuer and Financial Interest:

I hereby declare that I am independent of the Subject Company for valuation and has not been under any direct or indirect influence, which may affect the valuation exercise. I also state that I have no financial interest in the Subject Company for valuation, except earlier services for valuation. I also confirm that this engagement shall be following the model Code of Conduct issued by IBBI vide Valuation Rule.

Sources of Information:

The following information has been received from the Management of Shalimar Agencies Limited:

- Audited Financial statements of the Company for the period for FY 2023, FY 2022 and FY 2021.
- Limited Reviewed Financial statements of the Company for the period for period ended 31 December 2023.
- Quantity of shares traded and Traded turnover of equity shares of Company on Bombay Stock Exchange (BSE).
- I have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of Shalimar Agencies Limited.

Inspections and/or Investigations undertaken:

- I have verified the industry in which the company is operating and the performance of the industry.
- I have applied all the appropriate techniques for arriving at the valuation.

Premise of Value/Assumed Use:

A Premise of Value or Assumed Use describes the circumstances of how an asset or liability is used. Different bases of value may require a particular Premise of Value or allow the consideration of multiple Premises of Value. In this case, Premise of Value – Current Use/Existing Use premise is used. Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used.

Bases of Valuation:

Market Value is the estimated amount for which an asset or liability should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.



Introduction and background of Company:

Shalimar Agencies Limited is engaged in the business of providing Computer and outsourcing services in information technology sector. It includes data, voice or video collection and processing, call centre services.

CIN	L72100TG1981PLC114084
Company Name	SHALIMAR AGENCIES LIMITED
ROC Code	ROC- Hyderabad
Registration Number	110484
Company Category	Company limited by Shares
Company SubCategory	Non-govt company
Class of Company	Public
Authorised Capital(Rs)	70,00,00,000
Paid up Capital(Rs)	3,00,10,000
Date of Incorporation	04/06/1981
Registered Address	Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

(source: www.mca.in)

Current Capital Structure of the Company:

Particulars	Amount in Rs.
Issued, Subscribed and Paid up Share Capital	
30,01,000 Equity shares of Rs. 10/- each	3,00,10,000

Working of Infrequently Traded shares on BSE:

Total No. of shares of Shalimar Agencies Limited	30,01,000
10% of total shares of Shalimar Agencies Limited	3,00,100
Total Traded Shares on Stock Exchange	53,991
Hence the shares of Shalimar Agencies Limited is Infrequently traded	



Given the shares are infrequently traded, I have applied other approaches to valuation as per method prescribed under SEBI ICDR Regulation 165 follows:

1) Market Approach:

The Market Approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

The Market Approach should be applied and afforded significant weight under the following circumstances:

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

There are some of the limitations to the Market Approach which are as follows:

- It is difficult to identify transactions or companies that are comparable. There is usually a lack of a sufficient number of comparable companies or transactions.
- It is less flexible compared to other methods.

Market Price Method:

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity share of the company with appropriate adjustments where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the share.

Shalimar Agencies Limited being a listed Company on stock exchange, its market price can be easily calculated. Shares of company are infrequently traded in the market as per the relevant provisions of the SEBI ICDR. However, since, company's stock market price is more than its peers, I have considered this approach with lesser weights assigned to it.

The method raises questions on how much data is available and how good the data is. The company is a listed company and shares of the company are traded infrequently in the Market since, the traded turnover of Shalimar during the 240 trading days preceding the relevant date is less than 10% of its total number of Shares.

I have considered data of 12 Months preceding the relevant date for computation of price under this approach. As per calculation, Market price is arrived at Rs.50.41.

Guideline Public Company Price Method:

This method requires you to identify comparable businesses and get the share price for their listed securities. We shortlisted peer companies as per similar revenue companies in similar businesses. Under this method benchmarked value multiple is applied to the target company.

Under this method, final value is arrived at Rs 10.24 per share.



2) Income Approach:

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

- The income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- Reasonable projections of the amount and timing of future income are available to the subject asset, but there are few, if any, relevant markets comparable.

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

One of the advantages is that the Income Approach has over the other two approaches is that it is more flexible in addressing firms or assets that are in different stages of the life cycle. This is because this approach factors in varying operating conditions over the projected period. The Income Approach is also able to cater to the differing investment or ownership needs of the buyer and seller, by measuring risks through its discount or capitalization rate, or by including cost synergies in its projections.

Due to unavailability of projections, I have not used DCF Method for valuation, I have used Profit Earning Capitalization Method (PECV), here I have capitalized the weighted average profit of past three years (FY-2023, 2022 and 2021) by using a capitalization rate of 19.90% (calculation attached below). Income Approach has been given no weightage since the company is incurring losses.

Profit Earning Capacity Value					
Calculation of Value per Share					
Year	PBT	Weight	PAT	Value x Weight	Average PAT
2020-2021		1.00	(9.22)	(9.22)	
2021-2022		1.00	(10.69)	(10.69)	
2022-2023		1.00	(8.58)	(8.58)	
1st April'23 to 31st December'23		0.75	(0.43)	(0.32)	
Weighted Average Profit After Tax					(7.68)
Capitalisation Rate					19.90%
Capitalised Equity Value					(38.60)
No. of Equity Shares					30.01
Value Per Share					(1.29)

Capitalization Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	1.20	Industry Beta by professor Aswath Damodaran.
Additional risk premium	4.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	19.90%	Computation

*Source: <https://www.ccilindia.com/RiskManagement/SecuritiesSegment/Pages/ZCYC.aspx>



3) Cost Approach:

The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk, or other factors are involved. The Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The Cost Approach should be applied and afforded significant weight under the following circumstances:

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

I have calculated the amount of Net Worth in the books of the company as on December 31, 2023. Net Asset Value method has been given 10% weightage.

Calculation of Book Value as on 31st December 2023					
Particulars			INR		INR
Share Capital			300.10		
Add : Reserve & Surplus			-14.66		
					285.44
BOOK VALUE					285.44
No. of Equity Shares(Face Value@10)					30.01
Value Per Share (Rs.)					9.51



Conclusion of Value of Shalimar Agencies Ltd.

Final value is calculated as per table below:

Calculation of Fair Value				
Valuation Method	Value (In INR)		Weights	Value x Weight
Market Value	50.41		0.1	5.04
Market Value Peer Companies	10.24		0.8	8.19
Net Asset Value Method	9.51		0.1	0.95
Profit Earning Capacity Value	-1.29		0	-
			1	14.19
Weighted Average Price				14.19
Add - Control Premium @ 5%				0.71
Fair Value				14.90
Fair Value Rounded Off				15.00

Note: Management has represented that there will be a change in control pursuant to the preferential issue and accordingly we have considered a control premium based on the Market Equity risk premium.

Conclusion:

In the light of above, and on the consideration of all relevant factors as discussed and outline hereinabove, the price of the equity shares of Shalimar Agencies Limited to be allotted pursuant to the preferential issue shall not be less than INR 15.00/- per Share as calculated under SEBI ICDR Regulation 165.

Limitations, Caveats and Disclaimers:

1. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. My client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/I do not take any responsibility for the unauthorized use of this report.

2. Responsibility of RV

I owe responsibility to only to the authority/client that has appointed me/us under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the client or companies, their directors, employees or agents.

3. Accuracy of Information

While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client's existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.

4. Post Valuation Date Events

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

5. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client request, I have provided a single value for the overall Fair Value Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

6. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged

The actual market price achieved may be higher or lower than my estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.



7. Reliance on the representations of the owners/clients, their management and other third parties

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

8. No procedure performed to corroborate information taken from reliable external sources

I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

9. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

10. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

11. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report.

12. I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking my evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my tendering evidence before such authority shall be under the applicable laws.

13. While my work has involved an analysis of trading data, my engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. my report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality,

and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

14. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment.
15. The actual market price achieved may be higher or lower than my estimate of depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. I also emphasize that my opinion is not the only factor that should be considered by the parties in agreeing the transaction price.
16. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.
17. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.
18. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
19. I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of My analysis.
20. My report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining My prior written approval for any purpose other than the purpose for which it is prepared.
21. The information provided by the management is believed to be true and reliable to the best of my knowledge, I do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.



- 22.** No investigation of the company's claim to title of the assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. My report is not, nor should it be construed, as I am certifying the compliance with the provisions of any law including Company and Taxation laws or as regards any legal, accounting or taxation implications or issues.
- 23.** I have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.
- 24.** Valuation analysis are specific to the date of this report. A valuation 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, my valuation results are, to a significant extent, subject to continuance of current trends beyond the date of report. I, however have no obligation to update this report for events, trends, transactions occurring subsequent to the date of this report. This report is prepared as per Indian Laws and Rules.
- 25.** I owe no responsibility neither accept any liability to any third party in relation to issue of this report for any false or incorrect information given to me or anything beyond my control.

Thanking You

End of Report



Valuation Report on Swap Ratio of
MIRCHI WILD WINGS PRIVATE LIMITED
with
SHALIMAR AGENCIES LIMITED



DATE OF VALUATION REPORT: 07/05/2024

A. N. GAWADE

FCA, RV (IBBI)

Registered Valuer

Securities or Financial Assets

Regn No. IBBI/ RV/05/2019/10746

7, Saraswati Heights,
Behind Café Goodluck,
Deccan Gymkhana, Pune -411004
Phone No. Ph. 7722063311
Email: ang@angca.com

07 May, 2024

To,
The Board of Directors
Shalimar Agencies Limited
Plot no.19, Sanali Spazio, Software unit Layout,
Cyber Tower Area, Madhapur, Hyderabad 500081

To,
The Board of Directors
Mirchi Wild Wings Private Limited
H.No.8-2-293/82/A/800 & 800/1, Plot No 800,
Road No.36, Jubilee Hills, Hyderabad 500033

Sub: Valuation Report on Mirchi Wild Wings Private Limited and Shalimar Agencies Limited

Shalimar Agencies Limited was incorporated on 04/06/1981. The Company is registered under the Companies Act, 1956 (CIN: L72100TG1981PLC114084) and its registered office is at Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

Mirchi Wild Wings Private Limited was Incorporated as on May 29, 2015 as per the provisions of the Companies Act 2013; and has its registered office at H.NO.8-2-293/82/A/806& 806/1 & 807 Axis Towers, Road No.36, Jubilee Hills, Hyderabad 500033.

Shalimar Agencies Limited has requested Registered Valuer, Anandkumar Gawade to carry out the valuation analysis of Shalimar Agencies Limited and Mirchi Wild Wings Private Limited as at December 31, 2023 as per the guidelines and other applicable provisions of the Companies Act 2013, along with SEBI Master Circulars dated December 22, 2020 and November 23, 2021.

The computation of the fair market value of Shalimar Agencies Limited is attached herewith as Exhibit 1 and the computation of fair market value of Mirchi Wild Wings Private Limited is attached herewith as Exhibit 2.

A detailed summary of valuation is given in the report.

Yours Faithfully,



Mr. Anandkumar Gawade,
Registered Valuer
Reg. No. IBBI/RV/05/2019/10746
UDIN: 24110752BKEOBX2769

Valuation Report on Swap Ratio of Mirchi Wild Wings Private Limited with Shalimar Agencies Limited
07/05/2024



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Scope and purpose of this report and appointing authority:

I have been engaged by Shalimar Agencies Limited to determine the swap ratio of Shalimar Agencies Limited and Mirchi Wild Wings Private Limited as per the guidelines under applicable provisions of the Companies Act 2013, along with SEBI Master Circular dated December 22, 2020 and November 23, 2021.

It has been proposed that the shareholders of Mirchi Wild Wings Private Limited will transfer their holding to Shalimar Agencies Limited, and the consideration for the same will be shares of Shalimar Agencies Limited.

Given the above requirement, the Company has requested me to compute and conclude the swap ratio of Shalimar Agencies Limited and Mirchi Wild Wings Private Limited.

Valuation Date, Date of Appointment and Date of Report:

For the purpose of this assignment of valuation, the following shall be the key dates:

Appointment Date: I have been appointed by the management vide letter dated 03 May, 2024.

Valuation Date: The valuation date is as of December 31, 2023.

Report Date: My valuation report has been submitted as of May 07, 2024.

Identity of the Valuer and other experts involved in the valuation:

Valuation is carried out by me, i.e. Anandkumar Gawade, Registered Valuer, under Class Securities or Financial Assets vide Registration No. IBBI/RV/05/2019/10746. I am also Practicing Chartered Accountants since 2002 vide MRN 110752. There were no other experts involved in the carrying out the process of valuation of Equity Shares. I am allowed to carry out the same valuation as per rules.

Declaration of Independence of Valuer and Financial Interest:

I hereby declare that I am independent of the subject firms for valuation and have not been under any direct or indirect influence, which may affect the valuation exercise. I also state that I have no financial interest in the Subject Companies for valuation.

Sources of Information:

The following information has been received from the Management of the Company:

- Audited Financial statements of the Company for the period of FY 2023, FY 2022, FY 2021.
- Provisional Financials as on 31 Dec 23.
- Quantity of shares traded and Traded turnover of equity shares of the Company on Bombay Stock Exchange (BSE).
- I have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- Audited Financial Statements of Mirchi Wild Wings Private Limited.
- Projected Financial Statements of Mirchi Wild Wings Private Limited from FY 2023-2024 (3 Months) to FY 2027-28.

- I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of Shalimar.

Inspections and/or Investigations undertaken:

- I have verified the industry in which the company is operating and the performance of the industry.
- Business Profile of the Company.
- MOA, AOA of the Company, and other ROC Documents.
- Oral information for various clarifications.
- Stock exchange trading information. I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of the Company.
- I have applied all the appropriate techniques for coming out at assumptions of Unsystematic risk, and perpetual rate of growth which are taken in DCF Calculation.
- Peer Comparable Companies Information.

Background Information about the Companies

Shalimar Agencies Limited is engaged in the business of providing Computer and outsourcing services in information technology sector. It includes data, voice or video collection and processing, call centre services.

CIN	L72100TG1981PLC114084
Company Name	SHALIMAR AGENCIES LIMITED
ROC Code	ROC- Hyderabad
Registration Number	110484
Company Category	Company limited by Shares
Company SubCategory	Non-govt company
Class of Company	Public
Authorised Capital(Rs)	70,00,00,000
Paid up Capital(Rs)	3,00,10,000
Date of Incorporation	04/06/1981
Registered Address	Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

(source: www.mca.in)

Current Capital Structure of the Company:

Particulars	Amount in Rs.
Issued, Subscribed and Paid up Share Capital	
30,01,000 Equity shares of Rs. 10/- each	3,00,10,000

(Source: Company)

MIRCHI WILD WINGS PRIVATE LIMITED

Mirchi Wild Wings Private Limited was Incorporated as on May 29, 2015 as per the provisions of the Companies Act 2013; and has its registered office at H.NO.8-2-293/82/A/806& 806/1 & 807 Axis Towers, Road No.36, Jubilee Hills, Hyderabad 500033.

The entity, a blend of "restaurant" and "bar," is an establishment that combines elements of a restaurant and a bar, offering both dining and beverage services at the location. Entity caters to patrons seeking a versatile social experience, providing a comfortable and convivial atmosphere where customers can enjoy a meal alongside alcoholic beverages.

Restaurants with bars offer a unique blend of dining and social experiences, appealing to a diverse range of patrons. By providing quality food, a wide selection of beverages, and a welcoming ambiance, these establishments play a significant role in the hospitality industry. Reporting on such businesses requires an understanding of their key features, regulatory considerations, and contributions to the overall dining landscape. In summary, an entity combines the culinary delights of a restaurant with the social allure of a bar, offering patrons a multifaceted dining and drinking experience. With a focus on quality food, innovative cocktails, and inviting ambiance, entity play a significant role in the hospitality industry, catering to diverse tastes and preferences. The entity is one of the leading providers of quality, affordable food and entertainment services in the bar and restaurant industry

(Source: Company)

Premise of Value/Assumed Use:

Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use.

Bases of Valuation:

Market Value: Market Value is the estimated amount for which an asset or liability should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Key Factors Affecting Valuation

To carry out a valuation, I consider certain fundamental factors that affect the wealth-generating capability of the company. These include:

- General economic outlook as well as current & expected conditions in the business environment.
- Competitive environment prevailing within the industry.
- Relative competitive advantages of the business in terms of the service capability, management capabilities, etc.;
- Historical financial and operational performance.

Valuation Approaches & Methodologies

The following are commonly used and accepted methods for determining the value of a company:

1. Asset Approach – Net Asset Value method;
2. “Market” Approach and
3. “Income” Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

1. Asset Approach- Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in cases where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in cases where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

2. Market Approach:-

The Market Approach of indicator value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The market approach often uses market multiples derived from a set of comparable assets, each with different multiples. The selection of the appropriate multiple within the range requires judgment, considering qualitative and quantitative factors.

i. Guideline Publicly Traded Comparable or Comparable Companies Multiple (“CCM”) Method:- The guideline publicly traded method utilizes information on publicly traded comparable companies that are like the subject asset to arrive at an indication of value. The method should be used only when the subject asset is sufficiently similar to the publicly traded comparable companies to allow for a meaningful comparison.

ii. Comparable Transactions Multiples (“CTM”) Method:- The CTM, also known as the Guideline Transactions Method, utilizes information on transactions involving assets that are the same or like the subject asset to arrive at an indication of value.

iii. Market Price Method:- Under this method, the market price of equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors’ perception about the true worth of the Company.

3. Income Approach

The Income Approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. A fundamental basis for the Income Approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment. Commonly used method under this Approach is the Discounted Cash Flow Method.

Discounted Cash Flow Method (DCF):

Under the DCF method the forecast cash flows are discounted back to the valuation date, resulting in a present value of the asset. When selecting the appropriate type of cash flow for the nature of asset or assignment. In addition, the discount rate and other inputs must be consistent with the type of cash flow chosen.

The intended holding period for one investor should not be the only consideration in selecting an explicit forecast period and should not impact the value of an asset. However, the period over which an asset is intended to be held may be considered in determining the explicit forecast period if the objective of the valuation is to determine its investment value. Where the asset is expected to continue beyond the explicit forecast period, valuers must estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow. The Market Approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast. Common ways to calculate the terminal value under this method include application of a market-evidence based capitalization factor or a market multiple. The rate at which the forecast cash flow is discounted should reflect not only the time value of money, but also the risks associated with the type of cash flow and the future operations of the asset.

Selection of appropriate Valuation Approach:

For SHALIMAR – Exhibit 1

1) Market Approach:

The Market Approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

The Market Approach should be applied and afforded significant weight under the following circumstances:

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

There are some of the limitations to the Market Approach which are as follows:

- It is difficult to identify transactions or companies that are comparable. There is usually a lack of a sufficient number of comparable companies or transactions.
- It is less flexible compared to other methods.
-

Market Price Method

The method raises questions on how much data is available and how good the data is. The company is a listed company and shares of the company are traded infrequently in the Market since, the traded turnover of Shalimar during the 240 trading days preceding the relevant date is less than 10% of its total number of Shares.

I have considered data of 12 Months preceding the relevant date for computation of price under this approach. As per calculation, Market price is arrived at Rs.50.41.

Guideline Public Company Price Method:

This method requires you to identify comparable businesses and get the share price for their listed securities. We shortlisted peer companies as per similar revenue companies in similar businesses. Under this method benchmarked value multiple is applied to the target company.

Under this method, final value is arrived at Rs 10.24 per share.

2) Income Approach:

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

- The income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- Reasonable projections of the amount and timing of future income are available to the subject asset, but there are few, if any, relevant markets comparable.

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

One of the advantages is that the Income Approach has over the other two approaches is that it is more flexible in addressing firms or assets that are in different stages of the life cycle. This is because this approach factors in varying operating conditions over the projected period. The Income Approach is also able to cater to the differing investment or ownership needs of the buyer and seller, by measuring risks through its discount or capitalization rate, or by including cost synergies in its projections.

Due to unavailability of projections, I have not used DCF Method for valuation, I have used Profit Earning Capitalization Method (PECV), here I have capitalized the weighted average profit of past three years (FY-2023, 2022 and 2021) by using a capitalization rate of 19.90% (calculation attached below). Income Approach has been given no weightage since the company is incurring losses.

Profit Earning Capacity Value					
Calculation of Value per Share					
Year	PBT	Weight	PAT	Value x Weight	Average PAT
2020-2021		1.00	(9.22)	(9.22)	
2021-2022		1.00	(10.69)	(10.69)	
2022-2023		1.00	(8.58)	(8.58)	
1st April'23 to 31st December'23		0.75	(0.43)	(0.32)	
Weighted Average Profit After Tax					(7.68)
Capitalisation Rate					19.90%
Capitalised Equity Value					(38.60)
No. of Equity Shares					30.01
Value Per Share					(1.29)

Capitalization Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk-Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	1.20	Industry Beta by professor Aswath Damodaran.
Additional risk premium	4.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	19.90%	Computation

*Source: <https://www.ccilindia.com/RiskManagement/SecuritiesSegment/Pages/ZCYC.aspx>

3) Cost Approach:

The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk, or other factors are involved. The Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The Cost Approach should be applied and afforded significant weight under the following circumstances:

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

I have calculated the amount of Net Worth in the books of the company as on December 31, 2023. Net Asset Value method has been given 10% weightage.

Calculation of Book Value as on 31st December 2023					
Particulars			INR		INR
Share Capital			300.10		
Add : Reserve & Surplus			-14.66		
					285.44
BOOK VALUE					285.44
No. of Equity Shares(Face Value@10)					30.01
Value Per Share (Rs.)					9.51

Conclusion of Value of Shalimar Agencies Ltd.

Final value is calculated as per table below:

Calculation of Fair Value				
Valuation Method	Value (In INR)		Weights	Value x Weight
Market Value	50.41		0.1	5.04
Market Value Peer Companies	10.24		0.8	8.19
Net Asset Value Method	9.51		0.1	0.95
Profit Earning Capacity Value	-1.29		0	-
			1	14.19
Weighted Average Price				14.19
Add - Control Premium @ 5%				0.71
Fair Value				14.90
Fair Value Rounded Off				15.00

Note: Management has represented that there will be a change in control pursuant to the preferential issue and accordingly we have considered a control premium based on the Market Equity risk premium.

For MWWPL – Exhibit 2

I have used the Discounted Cash Flow Method (DCF) under the Income Approach for the valuation of MWWPL based on financial projections provided by the Company.

The Market approach is not used since it is not a listed entity.

NAV method is not used for MWWPL as there are no assets in the Company, since considering the fact that asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the business which is widely regarded as the true determinant of value of assets for most of the industries. The asset values recorded in books of accounts are also impacted by accounting policies which may be discretionary at times. Further, this valuation approach (NAV) is used in cases where the firm is to be liquidated i.e., it does not meet the "going concern" criterion or is used in case where the asset base dominates earnings capacity.

The detailed calculation has been attached as below -

(Amount in INR Rupees)

FY	2024 (3 Months)	2025	2026	2027	2028	TERMINAL
PARTICULARS						
PAT	(28,90,904)	1,02,77,884	1,81,37,372	2,81,44,090	4,40,59,065	
Add : Depreciation	4,89,101	16,15,643	13,13,774	10,72,504	8,77,100	
Less :Capital Expenditure	-	-	-	-	-	
Add: Interest Post Tax	4,96,582	14,55,166	12,31,931	9,61,001	7,56,221	
Less: NWC	4,46,582	(13,69,720)	(22,27,600)	(17,29,515)	25,13,467	
Free Cash Flows	(23,51,803)	1,47,18,413	2,29,10,677	3,19,07,111	4,31,78,919	32,42,29,294
Discounting Factor	0.96	0.84	0.72	0.63	0.54	0.54
Present value of Cash flow	(22,69,245)	1,23,10,169	1,66,09,761	2,00,50,970	2,35,20,259	17,66,12,964
Cumulative present value of Cash Flows	24,68,34,877					
Enterprise Value	24,68,34,877					
Add: Cash & Cash Equivalent as on 31-12-2023	43,75,690					
Add: Investment as on 31-12-2023	7,47,38,437					
Less: Debt as on 31-12-2023	17,59,41,430					
Equity Value	15,00,07,574					
No. of Shares	1,20,00,000					
Value Per Share (In Rs)	12.50					

Note – Investment represents investment in wholly owned Subsidiary - MWW Gachibowli Private Limited. The same has been valued as per Annexure 1.

Discount Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	0.84	Industry Beta by professor Aswath Damodaran.
Additional risk premium	5.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	18.25%	Computation

Cost of debt is the rate of interest for existing debts outstanding. Kd of the company is arrived by reducing the Corporate Tax Rate on the Interest-bearing Borrowings of the Company.

Cost of Debt	Values
Average interest rate	10.50%
Tax Shield*	30.00%
Cost of debt (after tax)	11.20%

* as per management input

Weighted Average Cost of Capital (WACC)

As the majority of businesses run on borrowed funds, the cost of capital becomes an important parameter in assessing a firm's potential for net profitability. WACC measures a company's cost to borrow money, where the WACC formula uses both the company's debt and equity in its calculation.

Source of finance	Cost (K)	Weight(W)	K*W
Debt (Post Tax)*	7.35%	26.46%	1.94%
Equity	18.25%	73.54%	13.42%
		WACC	15.37%

*as per management inputs

Terminal value calculation

Terminal Value has been computed based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 2% percent to perpetuity.

Annexure – 1 – Valuation of MWW Gachibowli Private Limited

FY	2024 (3 Months)	2025	2026	2027	2028	TERMINAL
PARTICULARS						
PAT	(6,31,120)	73,90,077	1,03,65,516	1,54,98,042	2,19,30,591	
Add : Depreciation	4,83,580	15,77,716	12,92,149	10,58,270	8,66,723	
Less :Capital Expenditure	-	-	-	-	-	
Add: Interest Post Tax	4,96,511	12,34,470	12,96,194	13,61,004	14,29,054	
Less: NWC	7,84,274	75,64,476	40,99,036	48,39,003	99,31,548	
Free Cash Flows	(4,35,303)	26,37,788	88,54,823	1,30,78,312	1,42,94,820	17,91,80,456
Discounting Factor	0.97	0.84	0.73	0.64	0.56	0.56
Present value of Cash flow	(4,20,594)	22,21,249	64,98,653	83,65,293	79,68,822	9,98,86,336
Cumulative present value of Cash Flows	12,45,19,759					
Enterprise Value	12,45,19,759					
Add: Cash & Cash Equivalent as on 31-12-2023	2,01,140					
Less: Debt as on 31-12-2023	4,99,82,462					
Equity Value	7,47,38,437					

Discount Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	0.84	Industry Beta by professor Aswath Damodaran.
Additional risk premium	5.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	18.25%	Computation

Cost of debt is the rate of interest for existing debts outstanding. Kd of the company is arrived by reducing the Corporate Tax Rate on the Interest-bearing Borrowings of the Company.

Cost of Debt	Values
Average interest rate	15.95%
Tax Shield*	30.00%
Cost of debt (after tax)	11.17%

* as per management input

Weighted Average Cost of Capital (WACC)

As the majority of businesses run on borrowed funds, the cost of capital becomes an important parameter in assessing a firm's potential for net profitability. WACC measures a company's cost to borrow money, where the WACC formula uses both the company's debt and equity in its calculation.

Source of finance	Cost (K)	Weight(W)	K*W
Debt (Post Tax)*	11.17%	49.54%	5.53%
Equity	18.25%	50.46%	9.21%
WACC			14.74%

**as per management inputs*

Terminal value calculation

Terminal Value has been computed based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 2% percent to perpetuity.

Summary of Valuation: -

The computation of fair market values is summarized as under:

SHALIMAR AGENCIES LIMITED	Amount in INR
Value per share	15.00

MIRCHI WILD WINGS PRIVATE LIMITED	Amount in INR
Value per share	12.50

In light of the above and on consideration of all the relevant factors and circumstances as discussed & outlined hereinabove referred to earlier in this report for Proposed transaction, in our opinion, we recommend fair share exchange ratio as follows -

“For every 1 equity shares of Mirchi Wild Wings Private Limited, 0.83 Equity Share of Shalimar Agencies Limited”.

i.e, swap ratio of Shares

Shalimar Agencies Limited	Mirchi Wild Wings Private Limited
83	100

“For every 100 equity shares of Mirchi Wild Wings Private Limited, 83 Equity Share of Shalimar Agencies Limited shall be issued”.

Limitations, Caveats, and Disclaimers:

i. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. We do not take any responsibility for the unauthorized use of this report.

ii. Responsibility of valuer

We owe a responsibility only to the authority/client that has appointed me/us under the terms of the engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions, or advice given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or wilful default on part of the client or companies, their directors, employees, or agents.

iii. Accuracy of Information

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit following generally accepted auditing standards of the client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

iv. Achievability of the forecast results

We do not assure the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans, and assumptions of management.

v. Post Valuation Date Events (This should be disclosed while defining valuation date)

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

vi. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, We have provided a single value for the overall Fair Value Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

vii. No Responsibility to the Actual Price of the subject asset, if sold or transferred/, exchanged

The actual market price achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability, and motivation of the buyers and sellers and the applicability of a discount or premium for

control will also affect the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which the actual transaction will take place.

viii. Reliance on the representations of the owners/clients, their management, and other third parties

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true, and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management, and other third parties concerning the financial data, operational data, and maintenance schedule of all plant machinery equipment tools vehicles, real estate investments, and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee, or agents.

ix. No procedure was performed to corroborate information taken from reliable external sources

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions, or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

x. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and used unless otherwise stated and that the companies/business/assets will be managed competently and responsibly. Further, as specifically stated to the contrary, this report has not considered matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

xi. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, the yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

xii. Future services include but are not limited to testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report.

xiii. We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings concerning the subject assets, although it is out of scope of the assignment unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such an event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings, and our tendering evidence before such authority shall be under the applicable laws.

xiv. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit following generally accepted auditing standards of the client's existing business records. Accordingly, we assume no responsibility and make no representations concerning the accuracy or completeness of any information provided by and on behalf of you and the client. our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

xv. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment.

xvi. The actual market price achieved may be higher or lower than our estimate depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability, and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing on the transaction price.

xvii. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

xviii. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, the yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.

xix. In the course of the valuation, we were provided with both written and verbal information. We have, however, evaluated the information provided to us by the Company through broad inquiry, analysis, and review but have not carried out due diligence or audit of the information provided for this engagement. Our conclusions are based on the assumptions, forecasts, and other information given by/on behalf of the Company.

xx. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

xxi. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

xxii. The information provided by the management is believed to be true and reliable to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

xxiii. No investigation of the company's claim to the title of the assets has been made for this valuation and their claim to such rights has been assumed to be valid. Our report is not, nor should it be construed, as we are certifying the compliance with the provisions of any law including Company and Taxation laws or as regards any legal, accounting, or taxation implications or issues.

xxiv. We have no obligation to update this report because of events or transactions occurring after the date of this report.

xxv. Valuation analyses are specific to the date of this report. A valuation 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 valuation results are, to a significant extent, subject to the continuance of current trends

beyond the date of the report. We, however, have no obligation to update this report for events, trends, transactions occurring after the date of this report. This report is prepared as per Indian Laws and Rules.

xxvi. We owe no responsibility neither accept any liability to any third party about the issue of this report for any false or incorrect information given to me or anything beyond our control.

Thanking You.

End of Report

Valuation Report on Swap Ratio of
CHICKEN WILD WINGS PRIVATE LIMITED
with
SHALIMAR AGENCIES LIMITED

DATE OF VALUATION REPORT: 07/05/2024

A. N. GAWADE

FCA, RV (IBBI)

Registered Valuer

Securities or Financial Assets

Regn No. IBBI/ RV/05/2019/10746

7, Saraswati Heights,
Behind Café Goodluck,
Deccan Gymkhana, Pune -411004
Phone No. Ph. 7722063311
Email: ang@angca.com

07 May, 2024

To,
The Board of Directors
Shalimar Agencies Limited
Plot no.19, Sanali Spazio, Software unit Layout,
Cyber Tower Area, Madhapur, Hyderabad 500081

To,
The Board of Directors
Chicken Wild Wings Private Limited
H.No.8-2-293/82/A/800 & 800/1, Plot No 800,
Road No.36, Jubilee Hills, Hyderabad 500033

Sub: Valuation Report on Chicken Wild Wings Private Limited and Shalimar Agencies Limited

Shalimar Agencies Limited was incorporated on 04/06/1981. The Company is registered under the Companies Act, 1956 (CIN: L72100TG1981PLC114084) and its registered office is at Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

Chicken Wild Wings Private Limited (Hereinafter referred to as 'CWWPL') was Incorporated as on November 03, 2020 as per the provisions of the Companies Act 2013; and has its registered office at H.No.8-2-293/82/A/800 & 800/1, Plot No 800, Road No.36, Jubilee Hills, Hyderabad 500033.

Shalimar Agencies Limited has requested Registered Valuer, Anandkumar Gawade to carry out the valuation analysis of Shalimar Agencies Limited and Chicken Wild Wings Private Limited as at December 31, 2023 as per the guidelines and other applicable provisions of the Companies Act 2013, along with SEBI Master Circulars dated December 22, 2020 and November 23, 2021.

The computation of the fair market value of Shalimar Agencies Limited is attached herewith as Exhibit 1 and the computation of fair market value of Chicken Wild Wings Private Limited is attached herewith as Exhibit 2.

A detailed summary of valuation is given in the report.

Yours Faithfully,



Mr. Anandkumar Gawade,
Registered Valuer
Reg. No. IBBI/RV/05/2019/10746
UDIN: 24110752BKEOBW9435

Valuation Report on Swap Ratio of Chicken Wild Wings Private Limited with Shalimar Agencies Limited
07/05/2024



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Scope and purpose of this report and appointing authority:

I have been engaged by Shalimar Agencies Limited to determine the swap ratio of Shalimar Agencies Limited and Chicken Wild Wings Private Limited as per the guidelines under applicable provisions of the Companies Act 2013, along with SEBI Master Circular dated December 22, 2020 and November 23, 2021.

It has been proposed that the shareholders of Chicken Wild Wings Private Limited will transfer their holding to Shalimar Agencies Limited, and the consideration for the same will be shares of Shalimar Agencies Limited.

Given the above requirement, the Company has requested me to compute and conclude the swap ratio of Shalimar Agencies Limited and Chicken Wild Wings Private Limited.

Valuation Date, Date of Appointment and Date of Report:

For the purpose of this assignment of valuation, the following shall be the key dates:

Appointment Date: I have been appointed by the management vide letter dated 03 May, 2024.

Valuation Date: The valuation date is as of December 31, 2023.

Report Date: My valuation report has been submitted as of 07 May, 2024.

Identity of the Valuer and other experts involved in the valuation:

Valuation is carried out by me, i.e. Anandkumar Gawade, Registered Valuer, under Class Securities or Financial Assets vide Registration No. IBBI/RV/05/2019/10746. I am also Practicing Chartered Accountants since 2002 vide MRN 110752. There were no other experts involved in the carrying out the process of valuation of Equity Shares. I am allowed to carry out the same valuation as per rules.

Declaration of Independence of Valuer and Financial Interest:

I hereby declare that I am independent of the subject firms for valuation and have not been under any direct or indirect influence, which may affect the valuation exercise. I also state that I have no financial interest in the Subject Companies for valuation.

Sources of Information:

The following information has been received from the Management of the Company:

- Audited Financial statements of the Company for the period of FY 2023, FY 2022, FY 2021.
- Provisional Financial statement as on 31 Dec 2023
- Quantity of shares traded and Traded turnover of equity shares of the Company on Bombay Stock Exchange (BSE).
- I have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- Audited Financial Statements of Chicken Wild Wings Private Limited.
- Projected Financial Statements of Chicken Wild Wings Private Limited from FY 2023-2024 (3 Months) to FY 2027-28.
- I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of Shalimar.

Inspections and/or Investigations undertaken:

- I have verified the industry in which the company is operating and the performance of the industry.
- Business Profile of the Company.
- MOA, AOA of the Company, and other ROC Documents.
- Oral information for various clarifications.
- Stock exchange trading information. I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of the Company.
- I have applied all the appropriate techniques for coming out at assumptions of Unsystematic risk, and perpetual rate of growth which are taken in DCF Calculation.
- Peer Comparable Companies Information.

Background Information about the Companies

Shalimar Agencies Limited is engaged in the business of providing Computer and outsourcing services in information technology sector. It includes data, voice or video collection and processing, call centre services.

CIN	L72100TG1981PLC114084
Company Name	SHALIMAR AGENCIES LIMITED
ROC Code	ROC- Hyderabad
Registration Number	110484
Company Category	Company limited by Shares
Company SubCategory	Non-govt company
Class of Company	Public
Authorised Capital(Rs)	70,00,00,000
Paid up Capital(Rs)	3,00,10,000
Date of Incorporation	04/06/1981
Registered Address	Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

(source: www.mca.in)

Current Capital Structure of the Company:

Particulars	Amount in Rs.
Issued, Subscribed and Paid up Share Capital	
30,01,000 Equity shares of Rs. 10/- each	3,00,10,000

(Source: Company)

CHICKEN WILD WINGS PRIVATE LIMITED

Chicken Wild Wings Private Limited (Hereinafter referred to as 'CWWPL') was Incorporated as on November 03, 2020 as per the provisions of the Companies Act 2013; and has its registered office at H.No.8-2-293/82/A/800 & 800/1, Plot No 800, Road No.36, Jubilee Hills, Hyderabad 500033.

The entity, a blend of "restaurant" and "bar," is an establishment that combines elements of a restaurant and a bar, offering both dining and beverage services at the location. Entity cater to patrons seeking a versatile social experience, providing a comfortable and convivial atmosphere where customers can enjoy a meal alongside alcoholic beverages.

Restaurants with bars offer a unique blend of dining and social experiences, appealing to a diverse range of patrons. By providing quality food, a wide selection of beverages, and a welcoming ambiance, these establishments play a significant role in the hospitality industry. Reporting on such businesses requires an understanding of their key features, regulatory considerations, and contributions to the overall dining landscape. In summary, an entity combines the culinary delights of a restaurant with the social allure of a bar, offering patrons a multifaceted dining and drinking experience. With a focus on quality food, innovative cocktails, and inviting ambiance, entity play a significant role in the hospitality industry, catering to diverse tastes and preferences. The entity is one of the leading providers of quality, affordable food and entertainment services in the bar and restaurant industry

(Source: Company)

Premise of Value/Assumed Use:

Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use.

Bases of Valuation:

Market Value: Market Value is the estimated amount for which an asset or liability should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Key Factors Affecting Valuation

To carry out a valuation, I consider certain fundamental factors that affect the wealth-generating capability of the company. These include:

- General economic outlook as well as current & expected conditions in the business environment.
- Competitive environment prevailing within the industry.
- Relative competitive advantages of the business in terms of the service capability, management capabilities, etc.;
- Historical financial and operational performance.

Valuation Approaches & Methodologies

The following are commonly used and accepted methods for determining the value of a company:

1. Asset Approach – Net Asset Value method;
2. "Market" Approach and
3. "Income" Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

1. Asset Approach- Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in cases where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in cases where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

2. Market Approach:-

The Market Approach of indicator value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The market approach often uses market multiples derived from a set of comparable assets, each with different multiples. The selection of the appropriate multiple within the range requires judgment, considering qualitative and quantitative factors.

i. **Guideline Publicly Traded Comparable or Comparable Companies Multiple (“CCM”) Method:-** The guideline publicly traded method utilizes information on publicly traded comparable companies that are like the subject asset to arrive at an indication of value. The method should be used only when the subject asset is sufficiently similar to the publicly traded comparable companies to allow for a meaningful comparison.

ii. **Comparable Transactions Multiples (“CTM”) Method:-** The CTM, also known as the Guideline Transactions Method, utilizes information on transactions involving assets that are the same or like the subject asset to arrive at an indication of value.

iii. **Market Price Method:-** Under this method, the market price of equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors’ perception about the true worth of the Company.

3. Income Approach

The Income Approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. A fundamental basis for the Income Approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment. Commonly used method under this Approach is the Discounted Cash Flow Method.

Discounted Cash Flow Method (DCF):

Under the DCF method the forecast cash flows are discounted back to the valuation date, resulting in a present value of the asset. When selecting the appropriate type of cash flow for the nature of asset or assignment. In addition, the discount rate and other inputs must be consistent with the type of cash flow chosen.

The intended holding period for one investor should not be the only consideration in selecting an explicit forecast period and should not impact the value of an asset. However, the period over which an asset is intended to be held may be considered in determining the explicit forecast period if the objective of the valuation is to determine its investment value. Where the asset is expected to continue beyond the explicit forecast period, valuers must estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow. The Market Approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast. Common ways to calculate the terminal value under this method include application of a market-evidence based capitalization factor or a market multiple. The rate at which the forecast cash flow is discounted should reflect not only the time value of money, but also the risks associated with the type of cash flow and the future operations of the asset.

Selection of appropriate Valuation Approach:

For SHALIMAR – Exhibit 1

1) Market Approach:

The Market Approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

The Market Approach should be applied and afforded significant weight under the following circumstances:

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

There are some of the limitations to the Market Approach which are as follows:

- It is difficult to identify transactions or companies that are comparable. There is usually a lack of a sufficient number of comparable companies or transactions.
- It is less flexible compared to other methods.

Market Price Method

The method raises questions on how much data is available and how good the data is. The company is a listed company and shares of the company are traded infrequently in the Market since, the traded turnover of Shalimar during the 240 trading days preceding the relevant date is less than 10% of its total number of Shares.

I have considered data of 12 Months preceding the relevant date for computation of price under this approach. As per calculation, Market price is arrived at Rs.50.41.

Guideline Public Company Price Method:

This method requires you to identify comparable businesses and get the share price for their listed securities. We shortlisted peer companies as per similar revenue companies in similar businesses. Under this method benchmarked value multiple is applied to the target company.

Under this method, final value is arrived at Rs 10.24 per share.

2) Income Approach:

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

- The income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- Reasonable projections of the amount and timing of future income are available to the subject asset, but there are few, if any, relevant markets comparable.

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

One of the advantages is that the Income Approach has over the other two approaches is that it is more flexible in addressing firms or assets that are in different stages of the life cycle. This is because this approach factors in

varying operating conditions over the projected period. The Income Approach is also able to cater to the differing investment or ownership needs of the buyer and seller, by measuring risks through its discount or capitalization rate, or by including cost synergies in its projections.

Due to unavailability of projections, I have not used DCF Method for valuation, I have used Profit Earning Capitalization Method (PECV), here I have capitalized the weighted average profit of past three years (FY-2023, 2022 and 2021) by using a capitalization rate of 19.90% (calculation attached below). Income Approach has been given no weightage since the company is incurring losses.

Profit Earning Capacity Value					
Calculation of Value per Share					
Year	PBT	Weight	PAT	Value x Weight	Average PAT
2020-2021		1.00	(9.22)	(9.22)	
2021-2022		1.00	(10.69)	(10.69)	
2022-2023		1.00	(8.58)	(8.58)	
1st April'23 to 31st December'23		0.75	(0.43)	(0.32)	
Weighted Average Profit After Tax					(7.68)
Capitalisation Rate					19.90%
Capitalised Equity Value					(38.60)
No. of Equity Shares					30.01
Value Per Share					(1.29)

Capitalization Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	1.20	Industry Beta by professor Aswath Damodaran.
Additional risk premium	4.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	19.90%	Computation

*Source: <https://www.ccilindia.com/RiskManagement/SecuritiesSegment/Pages/ZCYC.aspx>

3) Cost Approach:

The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk, or other factors are involved. The Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The Cost Approach should be applied and afforded significant weight under the following circumstances:

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

I have calculated the amount of Net Worth in the books of the company as on December 31, 2023. Net Asset Value method has been given 10% weightage.

Calculation of Book Value as on 31st December 2023					
Particulars			INR		INR
Share Capital			300.10		
Add : Reserve & Surplus			-14.66		
					285.44
BOOK VALUE					285.44
No. of Equity Shares(Face Value@10)					30.01
Value Per Share (Rs.)					9.51

Conclusion of Value of Shalimar Agencies Ltd.

Final value is calculated as per table below:

Calculation of Fair Value				
Valuation Method	Value (In INR)		Weights	Value x Weight
Market Value	50.41		0.1	5.04
Market Value Peer Companies	10.24		0.8	8.19
Net Asset Value Method	9.51		0.1	0.95
Profit Earning Capacity Value	-1.29		0	-
			1	14.19
Weighted Average Price				14.19
Add - Control Premium @ 5%				0.71
Fair Value				14.90
Fair Value Rounded Off				15.00

Note: Management has represented that there will be a change in control pursuant to the preferential issue and accordingly we have considered a control premium based on the Market Equity risk premium.

For CWWPL – Exhibit 2

I have used the Discounted Cash Flow Method (DCF) under the Income Approach for the valuation of CWWPL based on financial projections provided by the Company.

The Market approach is not used since it is not a listed entity.

NAV method is not used for CWWPL as there are no assets in the Company, since considering the fact that asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the business which is widely regarded as the true determinant of value of assets for most of the industries. The asset values recorded in books of accounts are also impacted by accounting policies which may be discretionary at times. Further, this valuation approach (NAV) is used in cases where the firm is to be liquidated i.e., it does not meet the "going concern" criterion or is used in case where the asset base dominates earnings capacity.

The detailed calculation has been attached as below -

(Amount in INR Rupees)

FY	2024 (3 Months)	2025	2026	2027	2028	TERMINAL
PARTICULARS						
PAT	1,24,49,013	2,64,26,020	3,99,69,642	6,06,43,411	8,69,69,913	
Add : Depreciation	48,41,934	1,07,43,403	1,14,75,991	97,93,242	85,32,043	
Less :Capital Expenditure	-	-	-	55,42,403	50,96,955	
Add: Interest Post Tax	37,11,055	1,69,61,186	1,86,57,304	1,99,51,430	2,03,50,459	
Less: NWC	97,73,394	4,14,00,668	3,96,74,574	4,25,20,586	6,17,45,523	
Free Cash Flows	1,12,28,608	1,27,29,940	3,04,28,363	4,23,25,095	4,90,09,938	82,76,74,835
Discounting Factor	0.97	0.84	0.74	0.65	0.56	0.56
Present value of Cash flow	1,08,56,199	1,07,54,392	2,24,61,857	2,73,00,627	2,76,22,719	46,64,89,661
Cumulative present value of Cash Flows	56,54,85,456					
Enterprise Value	56,54,85,456					
Add: Cash & Cash Equivalent as on 31-12-2023	37,06,762					
Less: Debt as on 31-12-2023	16,83,10,982					
Equity Value	40,08,81,236					
No. of Shares	50,00,000					
Value Per Share (In Rs)	80.18					

Discount Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	0.84	Industry Beta by professor Aswath Damodaran.
Additional risk premium	5.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	18.25%	Computation

Cost of debt is the rate of interest for existing debts outstanding. Kd of the company is arrived by reducing the Corporate Tax Rate on the Interest-bearing Borrowings of the Company.

Cost of Debt	Values
Average interest rate	16.00%
Tax Shield*	30.00%
Cost of debt (after tax)	11.20%

* as per management input

Weighted Average Cost of Capital (WACC)

As the majority of businesses run on borrowed funds, the cost of capital becomes an important parameter in assessing a firm's potential for net profitability. WACC measures a company's cost to borrow money, where the WACC formula uses both the company's debt and equity in its calculation.

Source of finance	Cost (K)	Weight(W)	K*W
Debt (Post Tax)*	11.20%	53.99%	6.04%
Equity	18.25%	46.01%	8.40%
		WACC	14.44%

*as per management inputs

Terminal value calculation

Terminal Value has been computed based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 2% percent to perpetuity.

Summary of Valuation: -

The computation of fair market values is summarized as under:

SHALIMAR AGENCIES Limited	Amount in INR
Value per share	15.00

CHICKEN WILD WINGS PRIVATE LIMITED	Amount in INR
Value per share	80.18

In light of the above and on consideration of all the relevant factors and circumstances as discussed & outlined hereinabove referred to earlier in this report for Proposed transaction, in our opinion, we recommend fair share exchange ratio as follows -

“For every 1 equity shares of Chicken Wild Wings Private Limited, 5.35 Equity Share of Shalimar Agencies Limited”.

i.e, swap ratio of shares is -

Shalimar Agencies Limited	Chicken Wild Wings Private Limited
535	100

“For every 100 equity shares of Chicken Wild Wings Private Limited, 535 Equity Share of Shalimar Agencies Limited shall be issued”.

Limitations, Caveats, and Disclaimers:

i. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. We do not take any responsibility for the unauthorized use of this report.

ii. Responsibility of valuer

We owe a responsibility only to the authority/client that has appointed me/us under the terms of the engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions, or advice given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or wilful default on part of the client or companies, their directors, employees, or agents.

iii. Accuracy of Information

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit following generally accepted auditing standards of the client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

iv. Achievability of the forecast results

We do not assure the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans, and assumptions of management.

v. Post Valuation Date Events (This should be disclosed while defining valuation date)

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

vi. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, We have provided a single value for the overall Fair Value Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

vii. No Responsibility to the Actual Price of the subject asset, if sold or transferred/, exchanged

The actual market price achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the

nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability, and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which the actual transaction will take place.

viii. Reliance on the representations of the owners/clients, their management, and other third parties

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true, and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management, and other third parties concerning the financial data, operational data, and maintenance schedule of all plant machinery equipment tools vehicles, real estate investments, and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee, or agents.

ix. No procedure was performed to corroborate information taken from reliable external sources

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions, or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

x. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and used unless otherwise stated and that the companies/business/assets will be managed competently and responsibly. Further, as specifically stated to the contrary, this report has not considered matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

xi. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, the yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

xii. Future services include but are not limited to testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report.

xiii. We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings concerning the subject assets, although it is out of scope of the assignment unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such an event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings, and our tendering evidence before such authority shall be under the applicable laws.

xiv. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit following generally accepted auditing standards of the client's existing business records. Accordingly, we assume no responsibility and make no representations concerning the accuracy or completeness of any information provided by and on behalf of you and the client. our report is subject to the scope and limitations

detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

xv. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment.

xvi. The actual market price achieved may be higher or lower than our estimate depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability, and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. we also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing on the transaction price.

xvii. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

xviii. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, the yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.

xix. In the course of the valuation, we were provided with both written and verbal information. We have, however, evaluated the information provided to us by the Company through broad inquiry, analysis, and review but have not carried out due diligence or audit of the information provided for this engagement. Our conclusions are based on the assumptions, forecasts, and other information given by/on behalf of the Company.

xx. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

xxi. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

xxii. The information provided by the management is believed to be true and reliable to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

xxiii. No investigation of the company's claim to the title of the assets has been made for this valuation and their claim to such rights has been assumed to be valid. Our report is not, nor should it be construed, as we are certifying the compliance with the provisions of any law including Company and Taxation laws or as regards any legal, accounting, or taxation implications or issues.

xxiv. We have no obligation to update this report because of events or transactions occurring after the date of this report.

xxv. Valuation analyses are specific to the date of this report. A valuation 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 valuation results are, to a significant extent, subject to the continuance of current trends beyond the date of the report. We, however, have no obligation to update this report for events, trends, transactions occurring after the date of this report. This report is prepared as per Indian Laws and Rules.

xxvi. We owe no responsibility neither accept any liability to any third party about the issue of this report for any false or incorrect information given to me or anything beyond our control.

Thanking You.

End of Report

Valuation Report on Swap Ratio of

TEKSOFT SYSTEMS INC

with

SHALIMAR AGENCIES LIMITED



DATE OF VALUATION REPORT: 07/05/2024

A. N. GAWADE

FCA, RV (IBBI)

Registered Valuer

Securities or Financial Assets

Regn No. IBBI/RV/05/2019/10746

7, Saraswati Heights,
Behind Café Goodluck,
Deccan Gymkhana, Pune -411004
Phone No. Ph. 7722063311
Email: ang@angca.com

07 May, 2024

To,
The Board of Directors
Shalimar Agencies Limited
Plot no.19, Sanali Spazio, Software unit Layout,
Cyber Tower Area, Madhapur, Hyderabad 500081

To,
The Board of Directors
Teksoft Systems Inc
850 Stephenson Hwy Suite No 202, Troy, Michigan 48083, US

Sub: Valuation Report on Teksoft Systems Inc and Shalimar Agencies Limited

Shalimar Agencies Limited was incorporated on 04/06/1981. The Company is registered under the Companies Act, 1956 (CIN: L72100TG1981PLC114084) and its registered office is at Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

Teksoft Systems Inc was Incorporated as on 1st February, 2010 in the states of Michigan; and has its registered office at 850 Stephenson Hwy Suite No 202, Troy, Michigan 48083, US.

Shalimar Agencies Limited has requested Registered Valuer, Anandkumar Gawade to carry out the valuation analysis of Shalimar Agencies Limited and Teksoft Systems Inc as at December 31, 2023 as per the guidelines and other applicable provisions of the Companies Act 2013, along with SEBI Master Circulars dated December 22, 2020 and November 23, 2021.

The computation of the fair market value of Shalimar Agencies Limited is attached herewith as Exhibit 1 and the computation of fair market value of Teksoft Systems Inc is attached herewith as Exhibit 2.

A detailed summary of valuation is given in the report.

Yours Faithfully,



Mr. Anandkumar Gawade,
Registered Valuer
Reg. No. IBBI/RV/05/2019/10746
UDIN: 24110752BKEOBY6306

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Scope and purpose of this report and appointing authority:

I have been engaged by Shalimar Agencies Limited to determine the swap ratio of Shalimar Agencies Limited and Teksoft Systems Inc as per the guidelines under applicable provisions of the Companies Act 2013, along with SEBI Master Circular dated December 22, 2020 and November 23, 2021.

It has been proposed that the shareholders of Teksoft Systems Inc will transfer their holding to Shalimar Agencies Limited, and the consideration for the same will be shares of Shalimar Agencies Limited.

Given the above requirement, the Company has requested me to compute and conclude the swap ratio of Shalimar Agencies Limited and Teksoft Systems Inc.

Valuation Date, Date of Appointment and Date of Report:

For the purpose of this assignment of valuation, the following shall be the key dates:

Appointment Date: I have been appointed by the management vide letter dated 03 May, 2024.

Valuation Date: The valuation date is as of December 31, 2023.

Report Date: My valuation report has been submitted as of 07 May, 2024.

Identity of the Valuer and other experts involved in the valuation:

Valuation is carried out by me, i.e. Anandkumar Gawade, Registered Valuer, under Class Securities or Financial Assets vide Registration No. IBBI/RV/05/2019/10746. I am also Practicing Chartered Accountants since 2002 vide MRN 110752. There were no other experts involved in the carrying out the process of valuation of Equity Shares. I am allowed to carry out the same valuation as per rules.

Declaration of Independence of Valuer and Financial Interest:

I hereby declare that I am independent of the subject firms for valuation and have not been under any direct or indirect influence, which may affect the valuation exercise. I also state that I have no financial interest in the Subject Companies for valuation.

Sources of Information:

The following information has been received from the Management of the Company:

- Audited Financial statements of the Company for the period of FY 2023, FY 2022, FY 2021.
- Provisional Financials as on 31 Dec 2023.
- Quantity of shares traded and Traded turnover of equity shares of the Company on Bombay Stock Exchange (BSE).
- I have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- Audited Financial Statements of Teksoft Systems Inc as on December 31, 2023.
- Projected Financial Statements of Teksoft Systems Inc from CY 2024 to CY 2028.
- I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of Shalimar.

Inspections and/or Investigations undertaken:

- I have verified the industry in which the company is operating and the performance of the industry.
- Business Profile of the Company.
- Financial Study
- MOA, AOA of the Company, and other ROC Documents.
- Oral information for various clarifications.
- Stock exchange trading information. I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of the Company.
- I have applied all the appropriate techniques for coming out at assumptions of Unsystematic risk, and perpetual rate of growth which are taken in DCF Calculation.
- Peer Comparable Companies Information.

Background Information about the Companies

Shalimar Agencies Limited is engaged in the business of providing Computer and outsourcing services in information technology sector. It includes data, voice or video collection and processing, call centre services.

CIN	L72100TG1981PLC114084
Company Name	SHALIMAR AGENCIES LIMITED
ROC Code	ROC- Hyderabad
Registration Number	110484
Company Category	Company limited by Shares
Company SubCategory	Non-govt company
Class of Company	Public
Authorised Capital(Rs)	70,00,00,000
Paid up Capital(Rs)	3,00,10,000
Date of Incorporation	04/06/1981
Registered Address	Plot no.19, Sanali Spazio, Software unit Layout, Cyber Tower Area, Madhapur, Hyderabad 500081.

(source: www.mca.in)

Current Capital Structure of the Company:

Particulars	Amount in Rs.
Issued, Subscribed and Paid up Share Capital	
30,01,000 Equity shares of Rs. 10/- each	3,00,10,000

(Source: Company)

TEKSOFT SYSTEMS INC

Teksoft Systems Inc was Incorporated as on February 01, 2010 in the states of Michigan; and has its registered office at 850 Stephenson Hwy Suite No 202, Troy, Michigan 48083, US.

TekSoft Systems Inc., a Michigan-based leader in IT solutions, has been delivering exceptional service since 2010. Under Venu Gopal Kongarla's leadership, TekSoft leverages over 15 years of experience and unwavering commitment to excellence to empower businesses.

Your One-Stop IT Shop - From H1-B filing and successful placements to supporting top IT companies, TekSoft caters to diverse needs. Their expertise spans emerging technologies (AI, ML, Blockchain), Cloud solutions, Cybersecurity, and more.

Tailored Solutions, Exceptional Service - TekSoft specialize in understanding your unique needs and providing customized project implementation, team building, consulting, and staffing solutions.

Building Strong Relationships - Building trust is paramount at TekSoft. Their client-centric approach ensures long-lasting partnerships based on mutual respect. They value their dedicated employees, who are the backbone of their success.

Continuous Innovation for Your Success - TekSoft prioritizes continuous learning and embraces cutting-edge technology to deliver future-proof solutions. Their business-friendly approach empowers you to thrive in the ever-evolving IT landscape.

(Source: Company)

Premise of Value/Assumed Use:

Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use.

Bases of Valuation:

Market Value: Market Value is the estimated amount for which an asset or liability should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Key Factors Affecting Valuation

To carry out a valuation, I consider certain fundamental factors that affect the wealth-generating capability of the company. These include:

- General economic outlook as well as current & expected conditions in the business environment.
- Competitive environment prevailing within the industry.
- Relative competitive advantages of the business in terms of the service capability, management capabilities, etc.;
- Historical financial and operational performance.

Valuation Approaches & Methodologies

The following are commonly used and accepted methods for determining the value of a company:

1. Asset Approach – Net Asset Value method;
2. “Market” Approach and
3. “Income” Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

1. Asset Approach- Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in cases where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in cases where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

2. Market Approach:-

The Market Approach of indicator value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The market approach often uses market multiples derived from a set of comparable assets, each with different multiples. The selection of the appropriate multiple within the range requires judgment, considering qualitative and quantitative factors.

i. Guideline Publicly Traded Comparable or Comparable Companies Multiple (“CCM”) Method:- The guideline publicly traded method utilizes information on publicly traded comparable companies that are like the subject asset to arrive at an indication of value. The method should be used only when the subject asset is sufficiently similar to the publicly traded comparable companies to allow for a meaningful comparison.

ii. Comparable Transactions Multiples (“CTM”) Method:- The CTM, also known as the Guideline Transactions Method, utilizes information on transactions involving assets that are the same or like the subject asset to arrive at an indication of value.

iii. Market Price Method:- Under this method, the market price of equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors’ perception about the true worth of the Company.

3. Income Approach

The Income Approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. A fundamental basis for the Income Approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment. Commonly used method under this Approach is the Discounted Cash Flow Method.

Discounted Cash Flow Method (DCF):

Under the DCF method the forecast cash flows are discounted back to the valuation date, resulting in a present value of the asset. When selecting the appropriate type of cash flow for the nature of asset or assignment. In addition, the discount rate and other inputs must be consistent with the type of cash flow chosen.

The intended holding period for one investor should not be the only consideration in selecting an explicit forecast period and should not impact the value of an asset. However, the period over which an asset is intended to be held may be considered in determining the explicit forecast period if the objective of the valuation is to determine its investment value. Where the asset is expected to continue beyond the explicit forecast period, valuers must estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow. The Market Approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast. Common ways to calculate the terminal value under this method include application of a market-evidence based capitalization factor or a market multiple. The rate at which the forecast cash flow is discounted should reflect not only the time value of money, but also the risks associated with the type of cash flow and the future operations of the asset.

Selection of appropriate Valuation Approach:

For SHALIMAR – Exhibit 1

1) **Market Approach:**

The Market Approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

The Market Approach should be applied and afforded significant weight under the following circumstances:

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

There are some of the limitations to the Market Approach which are as follows:

- It is difficult to identify transactions or companies that are comparable. There is usually a lack of a sufficient number of comparable companies or transactions.
- It is less flexible compared to other methods.

Market Price Method

The method raises questions on how much data is available and how good the data is. The company is a listed company and shares of the company are traded infrequently in the Market since, the traded turnover of Shalimar during the 240 trading days preceding the relevant date is less than 10% of its total number of Shares.

I have considered data of 12 Months preceding the relevant date for computation of price under this approach. As per calculation, Market price is arrived at Rs.50.41.

Guideline Public Company Price Method

This method requires you to identify comparable businesses and get the share price for their listed securities. We shortlisted peer companies as per similar revenue companies in similar businesses. Under this method benchmarked value multiple is applied to the target company.

Under this method, final value is arrived at Rs 10.24 per share.

2) Income Approach:

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

- The income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- Reasonable projections of the amount and timing of future income are available to the subject asset, but there are few, if any, relevant markets comparable.

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

One of the advantages is that the Income Approach has over the other two approaches is that it is more flexible in addressing firms or assets that are in different stages of the life cycle. This is because this approach factors in varying operating conditions over the projected period. The Income Approach is also able to cater to the differing investment or ownership needs of the buyer and seller, by measuring risks through its discount or capitalization rate, or by including cost synergies in its projections.

Due to unavailability of projections, I have not used DCF Method for valuation, I have used Profit Earning Capitalization Method (PECV), here I have capitalized the weighted average profit of past three years (FY-2023, 2022 and 2021) by using a capitalization rate of 19.90% (calculation attached below). Income Approach has been given no weightage since the company is incurring losses.

Profit Earning Capacity Value					
Calculation of Value per Share					
Year	PBT	Weight	PAT	Value x Weight	Average PAT
2020-2021		1.00	(9.22)	(9.22)	
2021-2022		1.00	(10.69)	(10.69)	
2022-2023		1.00	(8.58)	(8.58)	
1st April'23 to 31st December'23		0.75	(0.43)	(0.32)	
Weighted Average Profit After Tax					(7.68)
Capitalisation Rate					19.90%
Capitalised Equity Value					(38.60)
No. of Equity Shares					30.01
Value Per Share					(1.29)

Capitalization Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	7.13%	Risk Free Rate based on 10-year Government Bond Rate) *
Expected Return, Rm	14.41%	Based on historic rolling returns of Sensex
Market equity risk premium over risk free rate	7.28%	Rm-Rf
Beta	1.20	Industry Beta by professor Aswath Damodaran.
Additional risk premium	4.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	19.90%	Computation

*Source: <https://www.ccilindia.com/RiskManagement/SecuritiesSegment/Pages/ZCYC.aspx>

3) Cost Approach:

The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk, or other factors are involved. The Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The Cost Approach should be applied and afforded significant weight under the following circumstances:

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

I have calculated the amount of Net Worth in the books of the company as on December 31, 2023. Net Asset Value method has been given 90% weightage.

Calculation of Book Value as on 31st December 2023					
Particulars			INR		INR
Share Capital			300.10		
Add : Reserve & Surplus			-14.66		
					285.44
BOOK VALUE					285.44
No. of Equity Shares(Face Value@10)					30.01
Value Per Share (Rs.)					9.51

Conclusion of Value of Shalimar Agencies Ltd.

Final value is calculated as per table below:

Calculation of Fair Value				
Valuation Method	Value (In INR)		Weights	Value x Weight
Market Value	50.41		0.1	5.04
Market Value Peer Companies	10.24		0.8	8.19
Net Asset Value Method	9.51		0.1	0.95
Profit Earning Capacity Value	-1.29		0	-
			1	14.19
Weighted Average Price				14.19
Add - Control Premium @ 5%				0.71
Fair Value				14.90
Fair Value Rounded Off				15.00

Note: Management has represented that there will be a change in control pursuant to the preferential issue and accordingly we have considered a control premium based on the Market Equity risk premium.

For TEKSOFT – Exhibit 2

I have used the Discounted Cash Flow Method (DCF) under the Income Approach for the valuation of TEKSOFT based on financial projections provided by the Company.

The Market approach is not used since it is not a listed entity.

NAV method is not used for TEKSOFT as there are no assets in the Company, since considering the fact that asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the business which is widely regarded as the true determinant of value of assets for most of the industries. The asset values recorded in books of accounts are also impacted by accounting policies which may be discretionary at times. Further, this valuation approach (NAV) is used in cases where the firm is to be liquidated i.e., it does not meet the "going concern" criterion or is used in case where the asset base dominates earnings capacity.

The detailed calculation has been attached as below -

(Amount in INR Rupees)

CY	2024	2025	2026	2027	2028	TERMINAL
PARTICULARS						
PAT	4,59,919	5,82,150	6,44,090	7,63,140	8,84,226	
Add : Depreciation	-	-	-	-	-	
Less :Capital Expenditure	-	-	-	-	-	
Add : Interest Post Tax	27,484	24,201	20,582	16,592	12,490	
Less: NWC	6,04,267	2,50,117	2,79,868	3,13,162	3,50,422	
Free Cash Flows	(1,16,864)	3,56,233	3,84,804	4,66,569	5,46,294	83,08,457
Discounting Factor	0.89	0.79	0.71	0.63	0.56	0.56
Present value of Cash flow	(1,04,143)	2,82,903	2,72,330	2,94,254	3,07,033	46,69,588
Cumulative present value of Cash Flows	57,21,965					
Enterprise Value	57,21,965					
Add: Cash & Cash Equivalent as on 31 December 2023	3,58,806					
Less: Debt as on 31 December 2023	6,66,610					
Equity Value	54,14,161					
No. of Shares	2,01,000					
Value Per Share (USD)	26.94					
Exchange Rate	83.12					
Value per Share (INR)	2,238.83					

Discount Rate is calculated as follows:

COE assumptions	Values	Source
Risk free rate, Rf	3.88%	Risk Free Rate based on 10-year Government Bond Rate) *
Market equity risk premium over risk free rate	4.60%	Risk premium from published data of Ashwath Damodaran
Beta	1.27	Industry Beta by professor Aswath Damodaran.
Additional risk premium	4.00%	To account for higher risk as the Company is in high growth phase.
Adjusted Cost of equity, Ke	13.73%	Computation

Cost of debt is the rate of interest for existing debts outstanding. Kd of the company is arrived by reducing the Corporate Tax Rate on the Interest-bearing Borrowings of the Company.

Cost of Debt	Values
Average interest rate	5.00%
Tax Shield*	25.00%
Cost of debt (after tax)	3.75%

* as per management input

Weighted Average Cost of Capital (WACC)

As the majority of businesses run on borrowed funds, the cost of capital becomes an important parameter in assessing a firm's potential for net profitability. WACC measures a company's cost to borrow money, where the WACC formula uses both the company's debt and equity in its calculation.

Source of finance	Cost (K)	Weight(W)	K*W
Debt (Post Tax)*	3.75%	84.78%	0.57%
Equity	13.73%	15.22%	11.64%
WACC			12.21%

**as per management inputs*

Terminal value calculation

Terminal Value has been computed based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 2% to perpetuity.

Summary of Valuation: -

The computation of fair market values is summarized as under:

SHALIMAR AGENCIES LIMITED	Amount in INR
Value per share	15.00

TEKSOFT SYSTEMS INC	Amount in INR
Value per share	2,238.83

In light of the above and on consideration of all the relevant factors and circumstances as discussed & outlined hereinabove referred to earlier in this report for Proposed transaction, in our opinion, we recommend fair share exchange ratio as follows -

“For every 1 equity shares of Teksoft Systems Inc, 149.26 Equity Share of Shalimar Agencies Limited”.

i.e, swap ratio of shares

Shalimar Agencies Limited	Teksoft Systems Inc
14926	100

“For every 100 equity shares of Teksoft Systems Inc, 14926 Equity Share of Shalimar Agencies Limited shall be issued”.

Limitations, Caveats, and Disclaimers:

i. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. We do not take any responsibility for the unauthorized use of this report.

ii. Responsibility of valuer

We owe a responsibility only to the authority/client that has appointed me/us under the terms of the engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions, or advice given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or wilful default on part of the client or companies, their directors, employees, or agents.

iii. Accuracy of Information

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit following generally accepted auditing standards of the client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

iv. Achievability of the forecast results

We do not assure the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans, and assumptions of management.

v. Post Valuation Date Events (This should be disclosed while defining valuation date)

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

vi. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, We have provided a single value for the overall Fair Value Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

vii. No Responsibility to the Actual Price of the subject asset, if sold or transferred/, exchanged

The actual market price achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability, and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which the actual transaction will take place.

viii. Reliance on the representations of the owners/clients, their management, and other third parties

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true, and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management, and other third parties concerning the financial data, operational data, and maintenance schedule of all plant machinery equipment tools vehicles, real estate investments, and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee, or agents.

ix. No procedure was performed to corroborate information taken from reliable external sources

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions, or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

x. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and used unless otherwise stated and that the companies/business/assets will be managed competently and responsibly. Further, as specifically stated to the contrary, this report has not considered matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

xi. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, the yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

xii. Future services include but are not limited to testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report.

xiii. We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings concerning the subject assets, although it is out of scope of the assignment unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such an event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings, and our tendering evidence before such authority shall be under the applicable laws.

xiv. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit following generally accepted auditing standards of the client's existing business records. Accordingly, we assume no responsibility and make no representations concerning the accuracy or completeness of any information provided by and on behalf of you and the client. our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

xv. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment.

xvi. The actual market price achieved may be higher or lower than our estimate depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability, and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect the actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. we also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing on the transaction price.

xvii. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

xviii. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, the yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.

xix. In the course of the valuation, we were provided with both written and verbal information. We have, however, evaluated the information provided to us by the Company through broad inquiry, analysis, and review but have not carried out due diligence or audit of the information provided for this engagement. Our conclusions are based on the assumptions, forecasts, and other information given by/on behalf of the Company.

xx. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

xxi. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

xxii. The information provided by the management is believed to be true and reliable to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

xxiii. No investigation of the company's claim to the title of the assets has been made for this valuation and their claim to such rights has been assumed to be valid. Our report is not, nor should it be construed, as we are certifying the compliance with the provisions of any law including Company and Taxation laws or as regards any legal, accounting, or taxation implications or issues.

xxiv. We have no obligation to update this report because of events or transactions occurring after the date of this report.

xxv. Valuation analyses are specific to the date of this report. A valuation 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 valuation results are, to a significant extent, subject to the continuance of current trends beyond the date of the report. We, however, have no obligation to update this report for events, trends, transactions occurring after the date of this report. This report is prepared as per Indian Laws and Rules.

xxvi. We owe no responsibility neither accept any liability to any third party about the issue of this report for any false or incorrect information given to me or anything beyond our control.

Thanking You.

End of Report