

SHARE VALUATION REPORT

(As mandated by Section 247 read along with Section 62 of the Companies Act 2013 & Chapter V of SEBI (ICDR) Regulations 2018)



Prepared for:

Valuation of

**VEEKAYEM FASHION AND APPARELS
LIMITED**

Prepared by:

NEERAJ AGARWAL

FCA, Registered Valuer, LLB, B. Com (H)

Report No: 02/02/2023-2024

EXECUTIVE SUMMARY

Subject Company

<u>Sl. No.</u>	<u>Head</u>	<u>:</u>	<u>Information</u>
1.	Name & CIN	:	VEEKAYEM FASHION AND APPARELS LIMITED (hereinafter referred as ‘Company’) CIN: U17120MH1985PLC037516
2.	Constitution	:	Listed Public Limited Company
3.	Registered Office	:	113, UDYOG BHAVAN, SHARMA IND. ESTATE, WALGHAT ROAD, GOREGAON EAST, Mumbai City, MUMBAI, Maharashtra, India, 400063
4.	Date of Incorporation	:	17/09/1985
5.	Authorized Capital	:	INR 11,00,00,000/-
6.	Paid – Up Capital	:	INR 5,87,57,300 /-
7.	Board of Directors & Key Managerial Person	:	Separate List Attached(Annexure-D)
8.	Instrument to be valued	:	Equity Share Capital of the Company
9.	Business Activity Brief	:	Company is engaged in the manufacturing of apparels
10.	Purpose of Valuation	:	Valuation for determination of fair value of equity shares as per Chapter V of SEBI (ICDR) Regulations 2018 along section 62 of Companies Act
11.	Standards Used	:	International Valuation Standards(IVS)



Valuation Summary:

Based on our analysis of the valuation and subject to our caveats as further detailed in this report the value arrived is as follows:

Valuation Methods	Weights	Value INR
Value per Share as per Cost Approach	Ignored	Ignored
Value per Share as per Income Approach (DCF)	1	76.26
Value per Share as per Market Approach (MCM)	1	89.23
Value per Share(Average of all the above)		82.75
Recommended Value per Share (Rounded off)		83

Explanation for choosing the Valuation Method

Market approach & Income approach has both been considered. Cost approach has been ignored as the company is fully operational. Cost approach is generally useful when valuing for liquidation purposes or companies with no operations hence Cost approach is not justifiable for this company

Date: 24th February 2023

Place: Mumbai



Neeraj Agarwal

Signature of Valuer

1) **Industry Profile:**

India is the 5th largest producer of technical textiles in the whole world with a market size of nearly \$22 Bn, which we hope to build up to \$300 Bn when we turn 100 by 2047.

The textiles and apparel industry in India has strengths across the entire value chain from fiber, yarn, fabric to apparel. The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool, and silk products to the organized textile industry in India. The organized textile industry in India is characterized by the use of capital-intensive technology for the mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing.

2) **Company Profile**

Veekayem Fashion And Apparels Limited is an unlisted public company incorporated on 17 September, 1985. It is classified as a public limited company and is located in Mumbai City, Maharashtra. It's authorized share capital is INR 11.00 cr and the total paid-up capital is INR 5.88 cr.

Veekayem Fashion And Apparels Limited's operating revenues range is INR 100 cr - 500 cr for the financial year ending on 31 March, 2018. It's EBITDA has increased by 9.03 % over the previous year. At the same time, it's book network has increased by 6.29 %

The Equity Shares of the Company are listed on BSE and NSE. BSE Scrip Code: 535463 & Scrip Id on NSE VEEKAYEM.

Information on Valuation

(3) **Purpose for Valuation and Appointing Authority:**

The purpose of this valuation engagement is to arrive at share price for the equity shares of the Company for the purpose of deriving fair value of the Company as per Chapter V of SEBI (ICDR) Regulations 2018 required under these Regulations. Valuation report is to be placed before the Board.

- a. Appointing Authority: The “Board” vide Intimation Letter dt 19th February 2024



(4) Background of the information of business/asset/liability being valued

a) Company being valued:

VEEKAYEM FASHION AND APPARELS LIMITED

b) Registrations and Approvals

The subject company has in place various business and tax registrations like PAN, TAN etc.

c)

d) Business Verticals: Single

e) Financial aspects:

The company was incorporated in 1985 and we have relied upon such historical data as provided by the management and audited Financials of 2022-23 along with unaudited financials of 31st January 2024.

(5) Identity of the Valuer and Any other experts involved in the Valuation

Identity of the Valuer

- a) Name of the Valuer: Mr Neeraj Agarwal
- b) Official Address of the Valuer: 72 Bentick Street AC Mansion 2nd Floor Room F Kolkata 700001
- c) Residence: 43 Shyamnagar Road Natural City Block M 3rd Floor Flat 3A Kolkata 700055
- d) Contact Detail and Email-id : 9748532440;
neeraj@aanassociates.in/agarwalneeraj22@gmail.com
- e) Credentials: Registered Valuer (SFA), FCA, LLB,B.Com(H)
- f) IBBI Regn No: IBBI/RV/03/2020/13032
- g) COP No.: RVO/COP/SFA0420/150

Any other Expert involved: No

(6) Disclosure of Interest or Conflict, if any

No Such Conflict of Interest

(7) Date of Appointment, Valuation Date and Date of Report

- a. Date of Appointment : 19th February 2024 through Intimation letter signed by Appointer
- b. Date of Intimation : 19th February 2024
- c. Engagement Letter Date : 19th February 2024
- d. Valuation Date : 31st January 2024
- e. Date of Report : 24th February 2024



(8) Inspections and/or investigation undertaken

We have checked the company online profile via website like www.mca.gov.in

The reliance has been placed on the **verbal explanations and information** given to us by the management, wherever these were convincing and corroborated with the facts.

- a) **Legal Matters:** The management has informed that there are no material legal cases against / by the company.

(9) Nature and Sources of Data / Information used or relied upon

Nature of underlying Data	:	Primary Data
Source of Data	:	Company's Management. The data provided Validated with information available in public Domain.
Quality of underlying Data	:	Dependable

Documents/Information used or relied upon:

- a. Master Data and List of Directors and Shareholders;
- b. Certificate of Incorporation, PAN
- c. Written explanations taken from the management of subject companies during the process of valuation as was required to fill the gaps;
- d. Audited Financial Statements for FY 2022-23 along with unaudited financials till 31st January 2024.

(10) Procedures adopted in carrying out the valuation and Valuation Standard followed

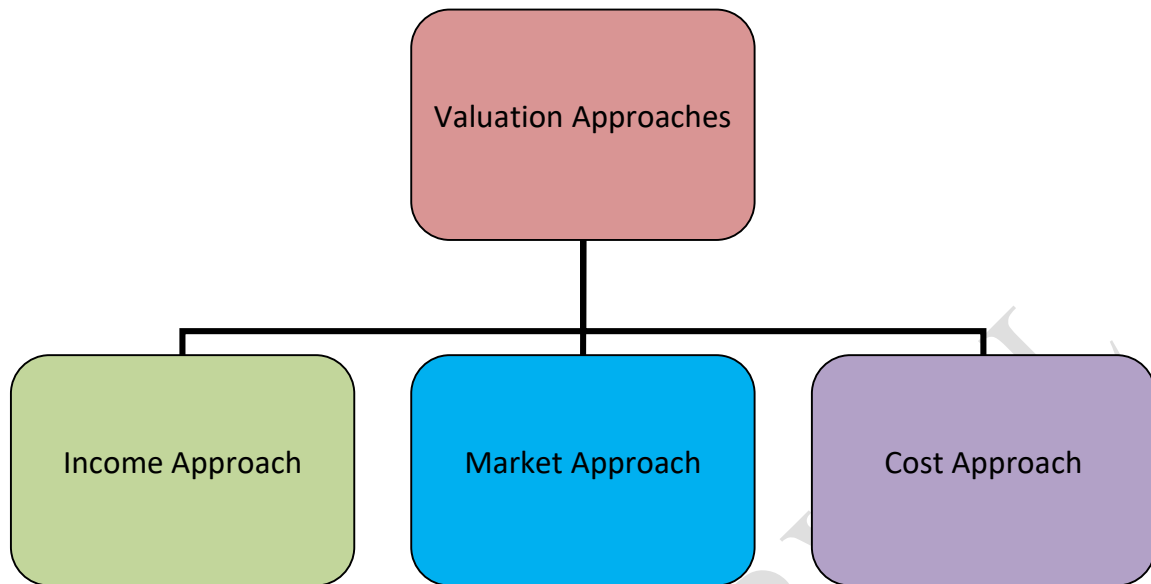
a. Procedure Adopted

- i. RFP and Submission of proposal;
- ii. Receipt of intimation about appointment and acceptance of proposal;
- iii. Execution of valuation engagement letter and Providing checklist (of the required documents);
- iv. Receipt of documents as per the checklist leading to preliminary study (including analysis of business);
- v. Cross verification of data. Video Conference meeting with Directors and Promoters for clarifications / explanations;
- vi. Industry analysis by researching publicly available data including economic factors and industry trends;
- vii. Collection of additional documents;
- viii. Determining valuations methods and approach;
- ix. Valuation synthesis & revisiting the assumptions and decisions made;
- x. Report preparation and its validation.

b. i)Basis or bases of value: Valuation Approaches and Methods

Broadly, there are three approaches to carry out valuation of shares:





- **Income Approach:**

Valuation under Income Approach is dependent upon (i) inflows in the business in the form of net profit/ gross inflow and (ii) funds used to earn that income in the form of equity funds and/or debt funds, etc. This approach is dependent upon past/expected normalized free cash flow to the Company and/or equity (FCFF / FCFE). Under various methods, the projected cash flows are used with statistical techniques. Discount factors are reflection of time value of money, risk involved, etc.

Income based Approach has been considered.

- **Market Approach**

Market based approach to business valuation attempt to establish the value of the business by comparing the business to similar businesses that have been recently sold or by using market comparables of publicly traded companies.

Market Method has been considered

- **Cost Approach or Asset Based Approach**

The cost approach or asset based 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 Asset approach is also useful when the

company is an asset heavy industry with land and building which generally follows appreciation in value.

We have not taken Cost Approach to ascertain the value of the company as it does not reflect the true fair value of a going concern company

c) Basis of Inputs used (The Fair Value Hierarchy)

Level 1 Input: These are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date and are considered the most reliable

Level 2: These inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 input are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

d) Standard Used

I have used the International Valuation Standards for the valuation of the company. Some of the most commonly and generally used Standards are given below:

- i) IVS 101 Scope of Work: It (sometimes referred to as terms of engagement) describes the fundamental terms of a valuation engagement, such as the asset(s) being valued, the purpose of the valuation and the responsibilities of parties involved in the valuation.
- ii) IVS 102 Investigations and Compliance: Defines appropriate and sufficient actions to be taken for to reach the Fair Value.



iii) IVS 103 Reporting: It provides for details which makes the intended user of the valuation report properly understand the report

iv) IVS 104 Bases of Value: Bases of value (sometimes called standards of value) describe the fundamental premises on which the reported values will be based.

v) IVS 105 Valuation Approaches and Method: Defines the valuation methods to be used.

(11) Restrictions on the use of the Report:

Report is to be read in totality and not in parts, in conjunction with the relevant documents mentioned therein.

(12) Major factors taken into account during the valuation:

a) **Valuation Approaches and their relevance**

In case of the company, only Income and Market based approach was found suitable and has been used.

b) **Valuation methods, tools, etc.**

Discounted Cash Flow method under Income approach and Comparable market multipliers has been used.

c) **Assumptions together with considerations (along with facts)**

- In reference to the company, as informed by the Management;
 - All material information impacting the subject company has been disclosed to us.

(13) Conclusion:

Recommended value per share of equity share of the transferee company is computed @ **INR 83/- (Rupees Eighty three only)** per share against the face value of INR 10/- (Rupees Ten Only) per share. (Refer **Annexure – 1 of A.1**).

(14) Annexure to this Valuation Report:

Annexure A – Subject Company - Annexure A.1 further supported by annexure A.1.1, containing calculation sheets of value per share under various approaches and methodologies.

(15) Background documents attached to this valuation Report or taken from management for valuation:

Annexure ‘A’ – Computation Sheets – A.1 along with A.1.1 and A1.2



Annexure ‘B’ –Annexure B.1 Subject Company – List of documents provided by the management or downloaded from public domain.(Documents not forming part of the Report)

Annexure ‘C’ – Annexure C.1 Subject Company (List of documents exchanged relating to the assignment). (Documents not forming part of the Report)

- Request for Proposal
- Proposal
- Intimation about appointment
- Confirmation for acceptance
- Initial checklist
- Engagement Letter
- Written explanation given by the company

(16) Caveats, limitations and disclaimers to the extent they explain or elucidate the limitations faced by Registered Valuer, which shall not be for the purpose for the valuation report:

a. Caveats and Limitations:

1. The **scope of the assignment** did not involve performing the task of audit tests for the purpose of on the fairness and accuracy of any financial and analytical information that was used during the course of work.
2. In addition, no responsibility for any changes in the information used for any reason, which may occur subsequent to the valuation date.
3. This report is based on the information/certificates/affirmations received from the sources mentioned herein and discussions with the management/representative of the Company and shall be considered to be in nature of non-binding advise. It is assumed that they have provided all the information that they are aware of, which may have impact on report.
4. Only select part of the information provided could be corroborated with information available on public domain.
5. It is hereby confirmed that this valuation has been carried out in conformity with applicable relevant rules and regulations by appropriate government authority and also in compliance of provisions of stamp duty Act.
6. The Valuer is not an environmental consultant or auditor and it takes no responsibility for any actual or potential environmental liabilities;
7. This document has been prepared for the purposes stated in Engagement letter 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. I do not take any responsibility for any unauthorized use of this report.
8. The valuation report is tempered by the exercise of judicious discretion by the RV, 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.



9. 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 / our tendering evidence before such authority shall be under the applicable laws.

b. Disclaimer:

Valuation is an imprecise science with value being an estimate only and reasonable people can differ in their estimates of value. The assumptions are based on statements of facts provided by the Company or information available in public domain and not generated by the Valuer. However valuer has used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report.

While we provided our recommendation of the Value per equity share based on the information available to us and within the scope and constraints of the engagement, others may have different opinion. The final responsibility of the Value per equity share at which strategic & compliance related decisions are based is dependent upon the wisdom of the Board of Directors of the client company.

Date: 24th February 2024
Place: Mumbai



Neeraj Agarwal

Signature of Registered Valuer

Annexure-A.1 : Computation Sheets

Annexure-A.1.1

VEEKAYEM FASHION AND APPARELS LIMITED Comparable Market Multiplier Method (Market Approach)

Serial No	Particulars	TTM PE	Resulting Price for “Company”
1	Welspun Living Ltd	6.83	50.47
2	Raymond Ltd	7.35	54.31
3	Arvind Ltd	24.63	182.02
4	Banswara Syntex Ltd	9.49	70.13
5	Average		89.23



Annexure-A.1.2

VEEKAYEM FASHION AND APPARELS LIMITED
Discounted Cash Flow Method (Income Approach)

Item Description	Amount (Rs. In Cr.)	Amount (Rs. In Cr.)	Amount (Rs. In Cr.)	Amount (Rs. In Cr.)	Amount (Rs. In Cr.)	Amount (Rs. In Cr.)
<u>Gross Sales:</u>	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Domestic Sales	264.50	274.48	285.20	296.71	309.04	454.49
Export Sales	35.00	40.00	45.00	50.00	55.00	60.00
Other Operating / Revenue Income	0.50	0.60	0.68	0.80	0.88	0.97
Total Gross Sales	300.00	315.08	330.88	347.51	364.92	515.46
Deduct: Excise Duty / Service Tax						
Deduct: Other items						
Net Sales	300.00	315.08	330.88	347.51	364.92	515.46
<u>Cost of Sales:</u>						
<u>Raw Materials</u> (including stores & other items used in manufacturing process):						
Indigenous	249.00	247.10	256.75	267.11	278.21	292.12



Total Raw Materials	249.00	247.10	256.75	267.11	278.21	292.12
Total Spares	0.00	0.00	0.00	0.00	0.00	0.00
Power & Fuel	3.12	3.28	3.44	3.62	3.80	4.01
Direct Labour	18.69	19.62	20.60	21.64	22.72	24.00
Other Manufacturing Expenses / Other Direct Costs	1.99	2.09	2.19	2.30	2.42	2.55
Depreciation & Amortisation	1.37	1.32	1.27	1.22	1.17	1.12
Add: Opening of Stock in Process	22.58	28.76	30.21	31.72	33.32	34.99
Less: Closing Stock in Process	28.76	30.21	31.72	33.32	34.99	36.74
Cost of Production	267.98	271.96	282.74	294.29	306.65	322.06
Add: Opening of Stock of Finished Goods	40.81	51.99	54.60	57.34	60.22	63.23
Less: Closing Stock of Finished Goods	51.99	54.60	57.34	60.22	63.23	66.40



Cost of Sales	256.81	269.35	280.01	291.41	303.63	318.90
Selling & General Administrative Expenses	27.90	29.30	30.76	32.30	33.91	35.61
Operating Profit Before Interest	15.29	16.44	20.11	23.80	27.37	160.96
Interest on Working Capital	7.98	7.98	7.98	7.98	7.98	7.98
Interest on Term Loans	1.18	0.75	0.60	0.45	0.30	0.17
Other Finance Charges	0.25	0.30	0.30	0.30	0.30	0.30
Total Interest Outgo	9.41	9.03	8.88	8.73	8.58	8.45
Operating Profit After Interest	5.88	7.41	11.24	15.07	18.80	152.51
Total Other Non-Operating Income	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Non-Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Net Non-Operating Income	0.00	0.00	0.00	0.00	0.00	0.00



Profit Before Tax / Loss	5.88	7.41	11.24	15.07	18.80	152.51
MAT Credit						
Provision for Taxes	1.94	2.44	3.71	4.97	6.20	50.33
Net Profit / Loss	3.94	4.96	7.53	10.10	12.59	102.18
Retained Profit	4.12	4.96	7.53	10.10	12.59	102.18
Amount Transferred to Profit & Loss Account	4.12	4.96	7.53	10.10	12.59	102.18
for 2 months	0.69	4.96	7.53	10.10	12.59	102.18
Add: Depreciation	0.23	1.32	1.27	1.22	1.17	1.12
Less: W Cap	6.33	41.81	28.38	37.98	50.67	66.50
Interest	1.57	9.03	8.88	8.73	8.58	8.45
free cash flow	-3.85	-26.49	-10.71	-17.94	-28.33	45.25
discounting ratio	0.98	0.86	0.76	0.67	0.59	0.52
Discounted Free Cash Flows	-3.77	-22.81	-8.11	-11.95	-16.60	23.33



Terminal Value calculation

Particulars	Amount in INR(CR)
FCF FY 28-29 (a)	23.33
Terminal growth(b)	2%
Cost of Equity©	13.68%
Terminal value($a \cdot \frac{1+b}{Ke-b}$)	203.67

- **Cost of Equity**

The return on sensex from its date of inauguration to valuation date has been taken as the cost of Equity i.e 13.68%

- Terminal Value**

The terminal value of an on-going business could best be determined as present value of estimated future free cash flows in order to obviate the need to forecast the Company's cash flows in detail for an indefinite period. On this basis, the calculation of the terminal value may be made by capitalizing the free cash flows of the terminal year with Cost of Equity, adjusted for the future expected growth ("g"). As per our estimate, 2.00% should be assumed to be a long-term rate at which company should grow and accordingly the same is considered as perpetual growth rate for the purpose of valuation of PPGSPL. FCFE at the end of explicit forecast period which is FY 2028-29 is considered for calculation of terminal value. Other aspects in this regard have been described above under the heading of explicit forecast period.

- Equity Value**

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the Company is adjusted by subtracting outstanding Debts & Preference shareholding, if any, there from and adjusting for the inflow on exercise of options, non-operating assets/ liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total adjusted value for equity shareholders is then divided by the total number of equity shares to arrive at the value per equity share.



Valuation Summary

Particulars	Amount in INR(cr)
Cash flow for explicit period	-39.92
Terminal value	203.67
Enterprise Value	163.76
Add: Cash and cash equivalents	.80
Less: Debt as on date of valuation	119.75
Equity value	44.81
Equity Value(In absolute value	44,80,86,476.93
No of Shares	587,75,730
Fair Value	76.26



VEEKAYEM FASHION AND APPARELS LIMITED.

	Content
Annexure 'B'	Back Up Information
B.1	Company's master data
B.2	Incorporation certificate along with MOA and AOA
B.3	Authenticated financial projections for next 5 years
B.4	Company registration certificate like PAN,TAN, Professional Tax
Annexure C	Procedural Documents
C-1	Request for Proposal
C.2	Proposal
C.3	Intimation about appointment
C.4	Confirmation for acceptance
C.5	Initial checklist
C.6	Engagement Letter
C.7	Written explanations given by the company

Annexure D

Sr. No	DIN/PAN	Name	Designation
1	01782815	MADANLAL GUPTA	Director
2	01741133	KRISHANKANT TARACHAND GUPTA	Managing Director
3	01781934	VIJAYKUMAR GUPTA	Whole-time director
4	09488962	SANTWANA AMARSHU VERNEKAR	Director
5	09489360	MADHUKAR JAGDEV PRASAD SHARMA	Director