**REPORT FORMAT:** V-L11 (Enterprise Valuation) | Version: 1.0\_2018

**File No.: VIS(2023-24)-PL495-410-623 Dated: 25.10.2023**

**ENTERPRISE VALUATION REPORT**

**OF**

**AADHAAR WHOLESALE TRADING AND DISTRIBUTION LIMITED**

**SITUATED AT**

**KNOWLEDGE HOUSE, SHYAM NAGAR, OFF- J V LINK ROAD, JOGESHWARI (EAST), MUMBAI, MAHARASHTRA, INDIA, 400060**

**OWNER/ PROMOTER**

**M/S FUTURE CONSUMER LIMITED (FCL)**

**REPORT PREPARED FOR**

**STATE BANK OF INDIA, STRESSED ASSET MANAGEMENT BRANCH - 3, 112/115, 1ST FLOOR, WEST WING, TULSIANI CHAMBERS, FREE PRESS JOURNAL MARG, NARIMAN POINT, MUMBAI - 400021**

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|  **PART A** | **INTRODUCTION** |

1. **ABOUT THE REPORT:** Enterprise Valuation Report of M/s. Aadhaar Wholesale Trading and Distribution Limited (“Aadhaar”). Aadhaar, a wholly owned subsidiary of the M/s Future Consumer Limited (FCL), is in the business of rural and semi-urban wholesale and distribution primarily of fast-moving consumer products of the company.
2. **BACKGROUND OF THE PROJECT:** Aadhaar Wholesale Trading and Distribution Limited (“Aadhaar”). Aadhaar, a wholly owned subsidiary of the M/s Future Consumer Limited (FCL) is incorporated on March 10, 2006 under Companies Act, 1956 having its registered office at Mumbai. The Company is in the business of selling Fast Moving Consumer Goods, grocery and all daily consumables in rural and semi-rural areas. The first Aadhaar centre commenced operations in December 2003 in Manchar, Pune district. Presently, the Company has 74 Retail stores, 4 Distribution Centers across Punjab, Rajasthan, and Gujarat. The current list of stores as per the data shared by the client/company is shown below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S. No.** | **Site Code** | **Site Name** | **Store Adress** | **State** |
| **1** | 2881 | FATEHGARH CHURIAN | Aadhaar Shopping Mall, Chowk Ajnala road, Near Nanda Hospital, Fatehgarh Churian, District-Gurdaspur, Punjab-143602 | Punjab |
| **2** | 2891 | SADIQ | Aadhaar Shopping Mall, Near Gurudwara Singh Sabha, Muktsar Road, Sadiq, Distt. Faridkot, Punjab-151212 | Punjab |
| **3** | 2899 | Dhabas | Aadhaar Shopping Mall, B 74, Jagdamba Nagar, Dhabas Road, Jaipur, Rajasthan- 302021 | Rajasthan |
| **4** | 7004 | Makrana | Aadhaar Shopping Mall, Manglana Road, Near Hayat Marble, Near New Bus Stand, Makrana, Rajasthan-341505 | Rajasthan |
| **5** | 7005 | AJNALA | Aadhaar Shopping Mall, Fatehagarh Churiyan Road, Opp. Subidha Kendra, Ajnala, Punjab-143102 | Punjab |
| **6** | 7006 | MALSIAN | Aadhaar Shopping Mall, Near HDFC Bank, Lohian Road, Malsian, Jalandhar, Punjab-144701 | Punjab |
| **7** | 7007 | DORAHA | Aadhaar Shopping Mall, Near Manu Nursing Home, Rly. Station Road Doraha Distt: Ludhiana, Punjab-141421 | Punjab |
| **8** | 7008 | SAMRALA | Aadhaar Shopping Mall, MG complex, Khanna Road, Samrala, Punjab-141114 | Punjab |
| **9** | 7010 | DHARAMKOT | Near Municipal Corporation Office, Main Market Road, Dharamkot, District-Moga, Punjab-142042 | Punjab |
| **10** | 7011 | MACHHIWARA | Aadhaar Shopping Mall, Near Dusehra Ground, Roapar Road, Machiwara Distt: Ludhiana, Punjab-141115 | Punjab |
| **11** | 7012 | GOINDWAL SAHIB | Aadhaar Shopping Mall, Near SBI Bank, Kapurthala Chowk, Goindwal, Distt-Tarn Taran, Punjab- 143422 | Punjab |
| **12** | 7013 | KAPURTHALA | Aadhaar Shopping Mall, SultanPur-Lodhi Road, Near RCF Gate Number 2, Kapurthala, Punjab-144601 | Punjab |
| **13** | 7015 | MAHILPUR | Aadhaar Shopping Mall, City Star, Phagwara Road, Mahilpur, Dist. Hoshiarpur, Punjab-146105 | Punjab |
| **14** | 7016 | MEHTA CHOWK | Aadhaar Shopping Mall, Amritsar Road, Near Electricity Board Office, Mehta Chowk, Distt-Amritsar, Punjab-143114 | Punjab |
| **15** | 7021 | FARIDKOT | Aadhaar Shopping Mall, Circular Road, Dogar Basti Chowk, Faridkot, Punjab-151203 | Punjab |
| **16** | 7023 | SAHNEWAL | Aadhaar Shopping Mall, Near OBC Bank, GT Road, Sahnewal, Punjab-141120 | Punjab |
| **17** | 7024 | MANDI GOBINDGARH | Aadhaar Shopping Mall, Amloh Road, Near HDFC Bank, Mandi Gobindgarh, Punjab-147301 | Punjab |
| **18** | 7026 | GURU HAR SAHAI | Aadhaar Shopping Mall, Near Paras Cinema, Faridkot Road, Guru Har Sahai, Punjab-152022 | Punjab |
| **19** | 7027 | KOT ISE KHAN | Aadhaar Shopping Mall, Near State Bank of India, Amritsar Road, Kot Ise Khan, Punjab-142043 | Punjab |
| **20** | 7028 | TALWANDI BHAI | Aadhaar Shopping Mall, Opposite New Bus Stand, Talwandi Bhai, District Ferozpur, Talwandi Bhai, Punjab PIN--142050 | Punjab |
| **21** | 7029 | PHILLAUR | Aadhaar Shopping Mall, Railway Road, Phillaur, District Jalandhar, Punjab-144410 | Punjab |
| **22** | 7031 | Unjha | Aadhaar Shopping Mall, Jay Vijay Society, Near Gunj Bazar, Unjha, Dist. Mehsana, Gujarat-384170 | Gujarat |
| **23** | 7033 | Kapadvanj | Aadhaar Shopping Mall, 4-8 Santram Arced, Nadiad Road, Kapadvanj-Dist.-Kheda, Gujarat-387620 | Gujarat |
| **24** | 7034 | BHOGPUR | Aadhaar Shopping Mall, Near Bank of India, Pathankot Road, G T Road Bhogpur, Punjab- 144201 | Punjab |
| **25** | 7038 | NURMAHAL | Aadhaar Shopping Mall, In and Out Main Market Road, Neah HDFC Bank, Noormahal, Dist. Jalandhar, Punjab-144039 | Punjab |
| **26** | 7039 | Kadi | Aadhaar Shopping Mall, Vinayak Arcade, Near Reliance Petrol Pump, Chatral High Way Road, Kadi, Gujarat-382715 | Gujarat |
| **27** | 7040 | Kalol | Aadhaar Shopping Mall, 312, Plot No.38 Near MGVCL, Opposite-Referral Hospital, Halol Road, Kalol-Panchmahal, Gujarat-389320 | Gujarat |
| **28** | 7043 | MANSA | Aadhaar Shopping Mall, Opposite Nikki Chat Bhandar, Near Bus Stand, Mansa- Punjab-151505 | Punjab |
| **29** | 7044 | Kathlal | Shop no G3.G4 and G5, Balaji Infra, Ahmedabad-Kathlal Road, Kathlal, Dist. Kheda, Gujarat-387630 | Gujarat |
| **30** | 7045 | Umreth | Aadhaar Shopping Mall, Near BAPS Swaminarayan temple, Kusumarnath Party Plot, Umreth, Gujarat- 388220 (Dist.-Anand) | Gujarat |
| **31** | 7046 | Beawar | Aadhaar Shopping Mall, Gallery 7, Ganga Mata Mandir, College Road, Beawar, Rajasthan-305901 | Rajasthan |
| **32** | 7047 | Nagaur | Aadhaar Shopping Mall, Nagaur, Didwana Road, Chungi Naka Ke Samne, Nagaur, Rajasthan-341001 | Rajasthan |
| **33** | 7050 | Lunawada | Aadhaar Shopping Mall, Cottage Hospital, Near Godhra Highway Lunawada, Mahasagar, Gujarat-389230 | Gujarat |
| **34** | 7051 | Tonk | Aadhaar Shopping Mall, Plot No-2/78-Housing Board Colony, Opposite, New Bus stand, Tonk, Rajasthan-304001 | Rajasthan |
| **35** | 7053 | BHADAUR | Aadhaar Shopping Mall, Opposite ICICI Bank, Bus Stand Road, Bhadaur, Tehsil- Tapa Mandi, District- Barnala, Punjab-148102 | Punjab |
| **36** | 7057 | Balasinor | Aadhaar Shopping Mall, Opp. Karuna Niketan High School, Shivalaya Road, Shop No.1 to 4, Balasinor, Gujarat-388255 | Gujarat |
| **37** | 7058 | Mansa | Aadhaar Shopping Mall, Rj chembar, Ground floor, Near Bank of Baroda, Mansa, Dist. Gandhinagar, Gujarat-382845 | Gujarat |
| **38** | 7060 | TALWARA | Aadhaar Shopping Mall, Near J K Hospital, Bus Stand Road, Talwara, District- Hoshiarpur, Punjab-144213 | Punjab |
| **39** | 7064 | Gozaria | Aadhaar Shopping Mall, Ground floor Shop No.16-22, Jalaram Complex, Near SBI Bank, Gozaria, Gujarat-382825 | Gujarat |
| **40** | 7065 | Didwana | Aadhaar Shopping Mall, Kuchaman Road, Padmaniya Bass (Chandankui), Didwana, Distt-Nagaur, Rajasthan-341303 | Rajasthan |
| **41** | 7066 | BALACHAUR | Aadhaar Shopping Mall, Near ICICI Bank, Bus Stand Road, Balachaur, District- Nawansaher, Punjab-144521 | Punjab |
| **42** | 7069 | AMLOH | Aadhaar Shopping Mall, Near Axis Bank, Nabha Road- Amloh, District Fatehgarh Sahib, Punjab-147203 | Punjab |
| **43** | 7070 | NIHAL SINGH WALA | Aadhaar Shopping Mall, Near Old SBI Bank, Near Muthoot Finance, Nihal Singh Wala, District- Moga, Punjab-142055 | Punjab |
| **44** | 7071 | Devgad Baria | Aadhaar Shopping Mall, Shop No 10 &11, Shiv Plaza, Baria, Gujarat- 389380 | Gujarat |
| **45** | 7072 | Talod | Aadhaar Shopping Mall, Vallabhkung society, Near Shree Nathji Haveli Modasa Road Talod, Distt. Sabarkhantha, Gujarat-383215 | Gujarat |
| **46** | 7073 | Jobner | Aadhaar Shopping Mall, Ajeet Bhawan, Narendra Nagar, Ward No-1, College Road, Jobner, Rajasthan-303328 | Rajasthan |
| **47** | 7074 | Nawalgarh | Aadhaar Shopping Mall, Ward No. 8, Tahseel Road, near by Purana More Hospital, Nawalgarh, Jhunjhunu, Rajasthan-333042 | Rajasthan |
| **48** | 7076 | Phulera | Plot No-29, Shyam Nagar Colony, Near Indra Market, Balaji Road, Jyotiba Phule Circle, Ward No.20, Phulera, Jaipur, Rajasthan-303338 | Rajasthan |
| **49** | 7079 | Una | Aadhaar Shopping Mall, GIR Gadhada Road, Yogi Chamber, Shop No.11 to 14, Una, Gujarat-362560 | Gujarat |
| **50** | 7081 | DHANAULA | Aadhaar Shopping Mall, Near Axis Bank, Post Office Road, Dhanaula, District Barnala, Punjab-148105 | Punjab |
| **51** | 7084 | Chanasma | Aadhaar Shopping Mall, Ground Floor, LIC Building, Opp.Mamlatdar Office, Gourav Path Road, Chanasma, Gujarat-384220 | Gujarat |
| **52** | 7086 | Lalsot | Aadhaar Shopping Mall, Near Prakash Talkies, Gangapur Road, Lalsot, Dausa, Rajasthan-303503 | Rajasthan |
| **53** | 7088 | BHAWANIGARH | Aadhaar Shopping Mall, Near SBI Bank, Opposite New Bus Stand, Bhawanigarh- District Sangrur, Punjab-148026 | Punjab |
| **54** | 7089 | AMARGARH | Aadhaar Shopping Mall, Near Chonde wala Chowk, Malerkotla Road, Amargarh District- Sangrur, Punjab-148022 | Punjab |
| **55** | 7095 | Bassi | Aadhaar Shopping Mall, Saraf Conloy Near PNB bank, Near Bus Stand, Bassi, Rajasthan-303301 | Rajasthan |
| **56** | 7099 | TALWANDI SABO | Aadhaar Shopping Mall, Near Axis bank, Main G.t. Road, Talwandi Sabo, Distt. Bhatinda, Punjab - 151302 | Punjab |
| **57** | 7101 | Kheralu | Aadhaar Shopping Mall, Shop No 2 to 6 Span Bazzar Complex, Nearby Rangoli Chokdi, Gujarat-384325 | Gujarat |
| **58** | 7109 | BHIKHI | Aadhaar Shopping Mall, Opposite HP Petrol pump, Mansa-Sunam Road, Bhikhi, Distt. Mansa, Punjab - 151504 | Punjab |
| **59** | 7110 | MAUR MANDI | Aadhaar Shopping Mall, Opposite HDFC Bank, Thana Road, Maur Mandi, District Bhatinda. Punjab- 151509 | Punjab |
| **60** | 7118 | Dhansura | Aadhaar Shopping Mall, Odhav vidhyamandir, Param complex Dhansura, Dist. Arvalli, Gujarat-383310 | Gujarat |
| **61** | 7120 | BUDHLADA | Aadhaar Shopping Mall, Near SBI Bank, Railway Road, Budhlada, Distt. Mansa, Punjab - 151502 | Punjab |
| **62** | 7145 | MALLANWALA | Aadhaar Shopping Mall, Near PNB, Zeera Road, Tehsil Zeera, District Firozpur, Punjab-152021 | Punjab |
| **63** | 7146 | Tarn Taran | Aadhaar Supermarket near Janta Palace Amritsar Road Tarn Taran, Dist. Tarn Taran- Punjab Pin 143401 | Punjab |
| **64** | 7147 | Banga | Near Mata Naina Devi mandir, Mukandpur Road, Banga, Distt S.B.S Nagar 144505 | Punjab |
| **65** | 7148 | Nabha | Near DCB Bank, Cinema Road, Nabha, Dist. Patiala, Punjab-147201 | Punjab |
| **66** | 7149 | Sirhind | Near Libra Kothi, Railway Road, Sirhind, Distt- Fatehgarh Sahib, Punjab-140406 | Punjab |
| **67** | 7150 | Govind Nagar | Plot Number 25, Govind Nagar, Near Navgrah Shani Mandir, DCM, Vaishali Nagar, Jaipur. 302021 | Rajasthan |
| **68** | 7151 | Zira | Near Ghanta Ghar Chowk, New Talwandi Bhai Road, Opposite HDFC Bank, Zira, Punjab- 142047 | Punjab |
| **69** | 7152 | Morinda | Opposite PNB Bank, Ludhiana Chandigarh Road, Morinda 140101., Ludhiana, Punjab | Punjab |
| **70** | 7153 | Sikar | Near Ambedkar Gate, Sikar Rajasthan-332001 | Rajasthan |
| **71** | 7155 | Gharshanker | KLG PLAZA, NEAR BANK OF INDIA, ANANDPUR SAHIB ROAD, GARHSHANKAR, PUNJAB- 144527 | Punjab |
| **72** | 7157 | Bayad | Opposite Bus Stand, Abive Purohit Hotel, Dahegam-Bayad Road, Bayad, Distt- Aravalli, Gujarat-383325 | Gujarat |
| **73** | 7158 | LEHRAGAGA | Near UCO Bank, Arkwas Road, Lehragaga, Dist.-Sangrur, PIN-148031 | Punjab |
| **74** | 7159 | Gandhipath | Ground Floor plot No:109, West Part MAA HINGLAJ NAGAR EXT DHAUWAS, JAIPUR RAJASTHAN-302021 | Rajasthan |

As per the information available on the public domain, the company was formerly known as Aadhaar Retailing Limited. Aadhaar was a joint venture (JV) between the Future Group and M/s Godrej Agrovet Ltd. The Future Group owned 70 per cent stake in the company. In 2015, FCL (earlier, Future Consumer Enterprise Ltd), part of Kishore Biyani-led Future Group, fully acquired M/s Aadhaar Wholesale Trading and Distribution Limited by buying 30 per cent equity stake from M/s Godrej Agrovet Ltd. and Anamudi Real Estates LLP.

As per data/information provided by the client, below table shows the historical financial performance of the company from FY 2019-20 to FY2022-23:

***(Figures in INR Lakhs)***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 2020 A** | **FY 2021 A** | **FY 2022 A** | **FY 2023 A** |
| Total revenue | 29,095.21 | 21,667.43 | 22,746.61 | 28,865.26 |
| Total expenses | 4,382.57 | 3,543.22 | 2,781.92 | 4,055.85 |
| **EBITDA** | **-1,766.34** | **-1,361.55** | **-788.47** | **365.94** |
| Dep. & Amor. Expenses | 567.38 | 452.16 | 395.01 | 565.96 |
| **EBIT** | **-2,333.72** | **-1,813.71** | **-1,183.48** | **-200.02** |
| Finance costs | 1,399.92 | 1,299.81 | 1,224.37 | 1,053.38 |
| **Profit / (loss) before tax** | **-3,733.64** | **-3,113.52** | **-2,407.85** | **-1,253.40** |
| **Profit / (loss) after tax** | **-3,731.50** | **-3,116.79** | **-2,399.28** | **-1,271.75** |
| **EBITDA Margin %** | -6.11% | -6.32% | -3.48% | 1.28% |
| **EBIT Margin %** | -8.08% | -8.42% | -5.23% | -0.70% |
| **Net Profit Margin %** | -12.92% | -14.46% | -10.60% | -4.45% |
| **Revenue Growth Rate (Y.O.Y.)** | **-** | -25.41% | 5.04% | 26.25% |

As per the historical analysis, it is observed that EBITDA Margin of the company is showing an upward trend as it has gone up from -6.11% in FY 2019-20 to 1.28% in FY 2022-23 and turned positive for the first time since Covid-19. Although, EBIT Margin and Net Profit Margin are also showing an upward trend from FY 2019-20 to FY 2022-23 but they still remain negative during the historical data available with us. Revenues Growth of the company is also seeing growth post the covid-19 as the revenue growth increased from -25.41% in FY 2020-21 to +26.25% in FY 2022-23.

As per the information shared by company/client, the company is also pursuing low-cost general trade access via hub and spoke model in the states of Gujarat, Punjab and Rajasthan. General trade store operating in a 100-kilometre radius of a hub can become a member of Aadhaar Mitra Model (“Mitra”). At present, M/s Aadhaar Wholesale Trading and Distribution Limited is under financial stress as the account of M/s Future Consumer Limited, a holding company, being classified as Non-Performing Asset (NPA). As a result, the company will not be able to receive any financial assistance for its expansion plans.

**Hence, State Bank of India (SBI) has appointed us to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this account.**

1. **TYPE OF REPORT:** This report is performed to assess the Enterprise Value of the project.
2. **PURPOSE OF THE REPORT:** To assess & determine Enterprise Value of the Project as required by the lenders.
3. **SCOPE OF THE REPORT:** To estimate & determine current Enterprise Value of the Company based on Income Based Approach (Discounted Cash Flow) method.
* *This is just the enterprise valuation of the project based on the Income generating capacity of the project in future years. This Valuation shall not be construed as the physical asset or should not be related directly to cost approach or Project cost.*
* *This Enterprise Valuation report doesn't cover vetting of the documents/ financial data/ projections or any other information provided to us by the Bank.*
* *This Valuation only covers the cash flow from operation of the company. It does not cover any transaction with the subject company’s subsidiary/ associate/ Joint Venture Companies, as per the requirement by the lender.*
* *This Valuation is prepared based on the current financial status and projections of the company, financial data/ model, future projections, other facts & information provided by the company/ lender/ Client in writing & verbal discussions held during the course of the assignment and based on independent assessment of certain assumptions which are specifically mentioned in the Valuation section of the Report.*
* *It doesn't contain the principles of physical asset valuation and is not based on the site inspection of the project.*
* *We have assumed that the information provided to us is correct and is not manipulated or distorted.*
* *The Market and Industrial assessment of the given company’s industry/ sector has not been done at our end. So, this valuation doesn’t cover the market & industrial scenario in terms of the product demand & market potential.*
1. **METHODOLOGY/ MODEL ADOPTED:** Income-based Approach (Discounted Cash Flow Model) for the calculation of Enterprise Value of the Company.
2. **DOCUMENTS / DATA REFFERED:**
* Audited Financial Statements and Notes provided by the Company.
* Profile of Directors, Shareholding Pattern and Details of Active Retail Stores
* Company’s Profile and Business Model.
* IP Details and Organisational Structure of the Company.

|  |  |
| --- | --- |
| **PART B** | **PROJECT COMPANY** |

1. **BRIEF DESCRIPTION ABOUT THE COMPANY:** M/s Aadhaar Wholesale Trading and Distribution Company Limited a wholly owned subsidiary of the M/s Future Consumer Limited (FCL), is in the business of rural and semi-urban wholesale and distribution primarily of fast-moving consumer products of the Company. It is actively pursuing wholesale distribution and franchisee models in this segment. Aadhaar is also pursuing low-cost general trade access via hub and spoke model in the states of Gujarat, Punjab and Rajasthan.

The incorporation details of the Project Company are provided in the table below:

|  |
| --- |
| **INCORPORATION DETAILS OF THE COMPANY** |
| **Name of the Company**  | M/s Aadhaar Wholesale Trading and Distribution Limited |
| **CIN**  | U52110MH2006PLC160440 |
| **Address**  | **Registered Office:** Knowledge House, Shyam Nagar, Off- J V Link Road, Jogeshwari (East), Mumbai, Maharashtra – 400060, India. |
| **Constitution**  | Public Limited Company / Limited by Shares |
| **Date of Incorporation**  | 10th March 2006 |
| **Authorised Capital**  | INR 77,40,00,000 |
| **Paid up Capital (Equity)**  | INR 77,40,00,000 |

1. **KEY PERSONNEL OF THE COMPANY:** Below table shows the details of directors/promoters/key personnel of the company along with their DIN/PAN, Date of Appointment and Designation:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S. NO.** | **NAME** | **DIN/PAN** | **DESIGNATION** | **DATE OF APPOINTMENT** |
| 1 | Rajendra Babulal Bajaj | 09075427 | Director | 02/07/2021 |
| 2 | Ashok Kumar Matolia | 01881881 | Director | 04/02/2021 |
| 3 | Ashish Ajay Giniwala | AHRPG9575E | Company Secretary | 23/03/2022 |
| 4 | Satish Sharma | AVDPS0708D | CFO & Manager | 01/05/2015 |
| 5 | Pankaj Somani | 09655578 | Director | 30/06/2022 |
| 6 | Samson Charuvil Samuel | 07523995 | Additional Director | 12/07/2023 |
| 7 | Neelam Chhiber | 00838007 | Additional Director | 12/07/2023 |

1. **CAPITAL STRUCTURE:** As per the audited financial statements for the FY2022-23, the authorized share capital of the company is INR 77.40 Crores divided into 7.74 crores equity shares of INR 10/- each.

As per the audited financial statements for the FY2022-23, the paid-up share capital of the company is INR 77.40 Crores divided into 7.74 crores equity shares of INR 10/- each fully paid up.

1. **SHAREHOLDING PATTERN:** As per information shared by company/client, below are the details of shareholders as on 30th September, 2023:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S. No.** | **First Name** | **Middle Name** | **Last Name** | **DP ID – Client ID** | **Number of Shares** | **%** |
| 1 | Future Consumer Limited | - | - | 12025100-00003912 | 7,73,99,994 | 99.999992% |
| 2 | \*Amit Kumar | Ramawatar | Agrawal | 12024700-00582654 | 1 | 0.000001% |
| 3 | \*Rajendra | Babulal | Bajaj | 12024700-00606294 | 1 | 0.000001% |
| 4 | \*Sanjay | Ramprasad | Rathi | 12024700-00564740 | 1 | 0.000001% |
| 5 | \*Leena | Ashutosh | Dighe | 12024700-00581116 | 1 | 0.000001% |
| 6 | \*Pankaj | Ramawatar | Somani | 12024700-00613048 | 1 | 0.000001% |
| 7 | \*Dayaram | Matadeen | Soni | 12024700-00613014 | 1 | 0.000001% |
|   | **Total** |   |   |   | **7,74,00,000** |   |

1. **SNAPSHOT OF THE OUTSTANDING DEBT OF THE COMPANY:** As per the information shared by the client/company and as per the audited financial statement for the FY2022-23, the outstanding debt of the company is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Creditor** | **Amount Owed (INR)** | **%** |
| 1 | Inter-Corporate Deposit by M/s Future Consumers Limited | 89,27,00,000 | 100 |
| **Total** | **89,27,00,000** | **100** |

1. **CURRENT STATUS OF THE PROJECT**: M/s Aadhaar Wholesale Trading and Distribution Limited is a Public Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Company was incorporated to engage in the business of selling Fast Moving Consumer Goods, grocery and all daily consumables in rural and semi-rural areas.

As per the information shared by company/client, the company is also pursuing low-cost general trade access via hub and spoke model in the states of Gujarat, Punjab and Rajasthan. General trade store operating in a 100-kilometre radius of a hub can become a member of Aadhaar Mitra Model (“Mitra”). These Mitras in turn will get an access to the Company’s brands along with other FMCG products and shall also benefit from technology and systems expertise. These wholesale centers also cater to other businesses in the radius such as hotel, restaurants and canteens, FCL intends to improve its reach to rural India via this digital distribution model. Aadhaar has registered revenues of INR 28,574.91 Lakhs during the FY 2022-23 (INR 22,633.83 Lakhs in fiscal year 2021-22).

Presently, the company has 74 retail stores, 4 distribution centres across Punjab, Rajasthan, and Gujarat. The company is a wholly owned subsidiary of Future Consumer Limited ("FCL" or "Holding Company”), an entity listed on BSE and NSE.

As per the details shared with us by the company/client, the financial condition of the M/s Aadhaar Wholesale Trading and Distribution Limited is under stress as the account of M/s Future Consumer Limited, a holding company, being classified as Non-Performing Asset (NPA). As a result, the company will not receive any financial assistance for its expansion plans.

**Hence, State Bank of India (SBI) has appointed R.K. Associates to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this account.**

|  |  |
| --- | --- |
| **PART C** | **THE PROJECT**  |

1. **BRIEF DESCRIPTION OF THE PROJECT** **COMPANY:** Aadhaar (owned 100% by FCL) was incorporated in 2006 is in the business of rural and semi-urban wholesale and distribution primarily of fast-moving consumer products of the company. Aadhaar has been built from bottom up to address the varied needs of regional consumer residing in India’s town and villages with an ambition to provide quality products with a great consumer experience to the rural India!

As per the data shared by the company/client, Aadhaar has a robust infrastructure designed on a sustainable hub and spoke model with presence in the states of Gujarat, Punjab and Rajasthan. Currently, Aadhaar has 4 DCs which also acts as a wholesale distribution sale points. Aadhaar also owns and operates 74 retail stores cities along with 160+ franchisee stores.

Below is the process flow chart of the company as per the details shared with us:



Note: *All actions in* ***green*** *are already live; actions in* ***black*** *are pending execution*

As per the information shared by the client/company, below are the details of IP (Intellectual Property) registered under the company’s name:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **S. No.** | **Brand** | **Application No./Registration No.** | **Status** | **Date of Application** | **Valid From** | **Valid Upto** | **Class of Trademark** | **REMARKS** |
| 1 | AADHAARKhushiyon Ka khushhali ka | 1806812 | Opposed | 15-04-2009 |   |   | 1, 2, 3, 5, 21, 29, 30, 31, 32, 34, 35, 42 | Pending |
| 2 | AADHAAR Shopping Mall | 1863868 | Registered | 17-09-2009 | 01-01-2008 | 17-09-2029 | 1, 2, 3, 5, 21, 29, 30, 31, 32, 34, 35, 42 |   |
| 3 | AADHAAR (word) | 1442502 | Registered | 05-04-2006 | 05-04-2006 | 04-05-2026 | 30 |   |
| 4 | AADHAAR (word) | 1442503 | Registered | 05-04-2006 | 05-04-2006 | 04-05-2026 | 42 |   |
| 5 | AADHAAR WHOLESALE TRADING AND DISTRIBUTION LIMITED. (DEVICE) | 2400232 | Registered | 21-09-2012 | 21-09-2012 | 21-09-2032 | 35 |   |
| 6 | AADHAAR WHOLESALE TRADING AND DISTRIBUTION LIMITED. (DEVICE) | 4013216 | Objected | 30-11-2018 |   |   | 35 | Pending |
| 7 | AADHAAR WHOLESALE TRADING AND DISTRIBUTION LIMITED. (DEVICE) | 4013217 | Registered | 30-11-2018 | 30-11-2018 | 30-11-2028 | 35 |   |
| 8 | AADHAAR SUPERMARKET (DEVICE) | 4336828 | Registered | 04-11-2019 | 04-11-2019 | 03-11-2029 | 35 |   |
| 9 | AADHAAR WHOLESALE MARKET. (WORD) | 2400231 | Registered | 21-09-2012 | 21-09-2012 | 21-09-2032 | 35 |   |

1. **SALES CHANNELS:**
* **Mitra Franchisee Network:** Aadhaar acts as a Mitra (friend) to small town entrepreneurs in setting up their retail stores and provide entire assortment and the retail expertise of Future group
* **Own Stores:** MT format company owned and company operated stores are entirely serviced through DC network
* **Wholesale/Bulk:** DCs act as a Sales point from the Storage Location itself. Prospective buyers are largely small retail shop-owners. As per the information shared, each Aadhaar DC hub is a scalable and self-sustaining unit with potential to serve 100+ franchises across 75+ towns with <1 lakh population.

|  |  |  |  |
| --- | --- | --- | --- |
| **State** | **Distribution Centers** | **Mitra Franchisee Stores** | **Owned Retail Stores** |
| Punjab  | 2 | 51 | 43 |
| Rajasthan | 1 | 78 | 14 |
| Gujarat | 1 | 33 | 17 |
| **Total** | **4** | **162** | **74** |

|  |  |
| --- | --- |
| **PART D** | **MARKET OVERVIEW ON RETAIL SECTOR** |

1. **INTRODUCTION:** Indian economy is continuously moving on a higher trajectory since last 2 decades. In last 10 years India has continuously maintained GDP growth rate in the range of 5.5% to 8%. Post Covid Recovery resulting Gross Domestic Product GDP growth rate for year 2021 is 8.7%. Due to adverse impact of Covid pandemic GDP growth rate in 2020 was negative (-6.60%) while average of last two decades is still shows a number of 5.88%.

The retail market in India has undergone a major transformation and has witnessed tremendous growth in the last 10 years. Indian retail market is expected to reach $1.1Tn by 2027 and $2 Tn by 2032. India currently has the 4th Largest retail market in the world.

India is one of the most promising and developing marketplaces in the world. There is a great deal of desire among multinational corporations to take advantage of the consumer base in India and to enter the market first. Nearly 60 shopping malls encompassing a total retail space of 23.25 million sq. ft are expected to become operational during 2023-25.

In 2021, the daily e-commerce transaction count reached 1.2 million in India. This upward trend is expected to continue, with online shoppers projected to surge from approximately 150 million in 2020 to an estimated 500 million by 2030. Anticipated growth in the Indian e-commerce market is substantial, with a projected Gross Merchandise Value (GMV) of $350 billion by the year 2030.

The retail sector in India has been experiencing remarkable growth, extending beyond major cities and metropolitan areas to encompass smaller cities. This expansion can be attributed to a combination of factors, including robust economic development, shifting demographic profiles, increased disposable income, urbanization, and evolving consumer preferences. These elements have collectively propelled the growth of organized retail in India.

Recognizing the importance of a conducive business environment and to facilitate the establishment of fully-owned subsidiaries by foreign companies in India, the Indian government has implemented a series of rules, regulations, and policies. These measures are aimed at simplifying the registration process and improving the overall business climate, thus encouraging greater foreign investment and participation in the Indian market.

1. **MARKET SIZE:** The Indian retail market is poised for substantial growth, with estimates projecting it to reach $2 trillion by the year 2032. This surge is primarily attributed to socio-demographic and economic factors, including the rapid urbanization, increasing income levels, and the prevalence of nuclear families. Concurrently, the Indian e-commerce sector is on a robust trajectory, predicted to surpass the $350 billion milestone by 2030, driven by an impressive compound annual growth rate (CAGR) of 23%.

In 2021, the Indian e-commerce market displayed a Gross Merchandise Value (GMV) exceeding $55 billion. Fast forward to 2030, and it is anticipated to achieve an annual GMV of $350 billion. Notably, the e-commerce and consumer internet sectors witnessed a remarkable influx of capital, with PE/VC funding soaring to $15.4 billion in 2022, almost doubling the 2020 figure of approximately $8.2 billion. By 2030, India is expected to secure its place as the third-largest online retail market globally, with a projected annual GMV of $350 billion.

While the Indian retail landscape has historically been largely unorganized, a significant transformation is anticipated over the next 3-5 years. Modern retail, which includes e-commerce, is projected to expand its market share, potentially reaching 30-35%, while the share of traditional retail is expected to decrease to 65-70%. This shift underscores the changing consumer preferences and the growing importance of online and modern retail formats in the evolving Indian market.

In summary, the Indian retail sector is a significant and rapidly evolving market, but it is still smaller than the global retail sector, which encompasses a wide range of economies, consumer behaviours, and regulatory environments. The Indian retail sector's growth potential is attracting both domestic and global retailers, making it a dynamic and competitive landscape.

1. **GOVERNMENT INITIATIVES:** The Government of India has identified retail sector as a key sector of focus to promote sustained industrial growth. Some initiatives by the Government to boost the Indian retail sector are as below:
* Recent policy changes allow 100% FDI under the automatic route for single-brand retail trading and allow such entities to commence e-commerce operations prior to starting brick & mortar retail, provided they do so within 2 years of the start of online retail.
* The Minister of MSME announced inclusion of retail and wholesale trades as MSMEs. Retail and wholesale trade will now get the benefit of priority sector lending under the RBI guidelines.
* In April 2022, the government approved PLI scheme for textiles products for enhancing India’s manufacturing capabilities and enhancing exports with an approved financial outlay of Rs. 10,683 crore (US$ 1.37 billion) over a five-year period.
* In October 2021, the RBI announced plans for a new framework for retail digital payments in offline mode to accelerate digital payment adoption in the country.
* In July 2021, the Andhra Pradesh government announced retail parks policy 2021-26, anticipating targeted retail investment of Rs. 5,000 crore (US$ 674.89 million) in the next five years.
* Government may change Foreign Direct Investment (FDI) rules in food processing in a bid to permit E-commerce companies and foreign retailers to sell Made in India consumer products.
* Implementation of Goods and Services Tax (GST), which has simplified taxation and improved supply chain efficiencies.
* Additionally, schemes like Pradhan Mantri Kisan Sampada Yojana and Startup India have provided support and incentives to boost investment and innovation in the retail industry.
1. **RECENT INVESTMENTS:** The retail sector in India has witnessed significant investments and notable developments in recent times as follows:
* Reliance Consumer Products, the FMCG arm of Reliance Retail announced the launch of it’s made-for-India consumer packaged goods brand 'Independence' in Gujarat.
* IKEA, the Swedish furniture maker has drawn up plans to invest Rs. 850 crores in its Indian operation.
* Lulu Group, a UAE-based retail company, will invest Rs. 2,000 crores to develop a shopping mall near Ahmedabad in Gujarat as part of its plans to expand business in India.
* India’s retail trading sector attracted US$ 4.68 billion FDIs between April 2000-March 2023.
* According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India’s Consumer Price Index (CPI) based retail inflation stood at 6.44% YoY in February 2023.
* In 2020, Reliance Retail Ventures Limited (RRVL), a subsidiary of Reliance Industries, attracted significant investments from global investors. Companies like Facebook, Google, and Silver Lake Partners invested billions of dollars in RRVL to secure a stake in India's largest retail company.
* In 2020, Walmart led a $1.2 billion investment round in Flipkart, along with participation from other investors such as Tencent, Microsoft, and Tiger Global.
* In 2020, JioMart raised funding from investors like Silver Lake Partners and KKR & Co., helping to strengthen its position in the online grocery retail space.
* In 2021, it raised $100 million from Steadview Capital, boosting its valuation to over $2 billion. The investment aimed to support Nykaa's expansion plans and strengthen its position in the beauty and personal care segment.
* In 2021, it raised $220 million in a funding round led by Temasek Holdings and Falcon Edge Capital, among others. The investment was intended to support Lenskart's omnichannel expansion and enhance its technology infrastructure.
* In 2021, it raised approximately $1.3 billion through its initial public offering (IPO). The funds raised were aimed at expanding Zomato's presence and strengthening its position in the food delivery market. In October 2022, SJVN started commissioning its 75 MW Solar Power Project in Parasan Solar Park which is located at Tehsil Kalpi, District Jalaun near Kanpur, Uttar Pradesh.

Overall, the retail sector in India has witnessed significant investments and developments, driven by factors such as liberalized FDI policies, the rise of e-commerce, the growth of organized retail, technological advancements, and supportive government initiatives. These trends indicate a positive trajectory for the Indian retail industry, presenting opportunities for further growth and expansion.

1. **WAY FORWARD:** The COVID-19 pandemic has had a profound impact on consumer habits and attitudes, reshaping the way people approach purchasing and consuming goods and services. The widespread lockdowns, social distancing measures, and safety concerns prompted a significant surge in online shopping and e-commerce activities. Consumers turned to digital platforms to fulfill their needs and preferences, ranging from essential items to non-essential products.

This shift in consumer behavior has prompted global retailers to adapt and embrace new retail opportunities. To stay competitive and meet the evolving demands of consumers, retailers have implemented cutting-edge business strategies. These strategies include leveraging advanced technology solutions such as artificial intelligence, big data analytics, and machine learning to enhance customer experiences, personalize recommendations, and optimize supply chain management. As a result, prominent companies are actively exploring diverse approaches to create interconnected and seamless retail experiences that span across all channels. They are leveraging the potential of established e-commerce platforms while also experimenting with traditional methods, aiming to enhance their customer value proposition. Additionally, these retailers are also innovating their revenue models to optimize their offerings to customers.

The e-commerce sector in the country is experiencing consistent growth, offering customers an ever-expanding range of products at competitive prices. This digital transformation is undeniably revolutionizing the retail industry and is expected to continue shaping its landscape in the years ahead. Retailers are advised to capitalize on the opportunities presented by digital retail channels, particularly e-commerce, as it enables them to minimize real estate expenses while effectively reaching out to a larger customer base in tier II and tier III cities.

Projections indicate that the online retail market in India is poised to reach an impressive value of US$ 350 billion by 2030, a substantial increase from the estimated US$ 55 billion in 2021. This growth is primarily driven by the rising number of online shoppers in the country. The penetration of online retail is expected to reach 10.7% by 2024, a significant rise compared to 4.7% in 2019. These figures demonstrate the immense potential for expansion in the online retail sector.

Looking ahead, the long-term outlook for the industry appears positive, supported by several factors. These include the steady increase in income levels, favorable demographics, the entry of foreign players into the market, and the ongoing process of urbanization. These factors collectively contribute to a conducive environment for the sustained growth and development of the retail industry in India.

|  |  |
| --- | --- |
|  **PART E** | **FINANCIAL PERFORMANCE** |

As per the audited financial statements provided by the company/client, below table shows the historical performance of the company.

1. **HISTORICAL PROFIT & LOSS STATEMENT: (FY 2019-20 to FY 2022-23)**

*(Figures in INR Lakhs)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **Mar-20** | **Mar-21** | **Mar-22** | **Mar-23** |
| Revenue | 28,890.38 | 21,548.05 | 22,633.83 | 28,574.91 |
| Other Income | 204.83 | 119.38 | 112.78 | 290.35 |
| **Total Income** | **29,095.21** | **21,667.43** | **22,746.61** | **28,865.26** |
| Cost of Goods Sold | 27,308.16 | 20,248.29 | 21,329.33 | 25,998.42 |
| Employee Benefit Expenses | 1,235.62 | 603.12 | 583.09 | 1,049.75 |
| Other Expenses | 2,317.77 | 2,177.57 | 1,622.66 | 1,451.15 |
| **Total Expenses** | **30,861.55** | **23,028.98** | **23,535.08** | **28,499.32** |
| **EBITDA** | **-1,766.34** | **-1,361.55** | **-788.47** | **365.94** |
| Depreciation and Amortization | 567.38 | 452.16 | 395.01 | 565.96 |
| **EBIT** | **-2,333.72** | **-1,813.71** | **-1,183.48** | **-200.02** |
| Finance Cost | 1,399.92 | 1,299.81 | 1,224.37 | 1,053.38 |
| **PBT** | **-3,733.64** | **-3,113.52** | **-2,407.85** | **-1,253.40** |
| Exceptional Items-Stamp duty paid  | - | - | - | 17.42 |
| OCI | 2.14 | -3.27 | 8.57 | -0.93 |
| Tax | - | - | - | - |
| Deferred Tax | - | - | - | - |
| **PAT** | **-3,731.50** | **-3,116.79** | **-2,399.28** | **-1,271.75** |

1. **KEY FINANCIAL RATIOS:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particular | FY 2020 A | FY 2021 A | FY 2022 A | FY 2023 A |
| EBITDA Margin % | -6.11% | -6.32% | -3.48% | 1.28% |
| EBIT Margin % | -8.08% | -8.42% | -5.23% | -0.70% |
| Net Profit Margin% | -12.92% | -14.46% | -10.60% | -4.45% |
| Revenue Growth (Y.O.Y.) | - | -25.41% | 5.04% | 26.25% |

1. **GRAPHICAL REPRESENTATION OF THE KEY FINANCIALS OF THE COMPANY:**



***Notes:***

As per the historical analysis, it is observed that EBITDA Margin of the company is showing an upward trend as it has gone up from -6.11% in FY 2019-20 to 1.28% in FY 2022-23 and turned positive for the first time post the covid-19 period.

As per the historical analysis, it is observed that Net Profit Margin of the company is rising continuously from -8.08% in FY 2019-20 to -0.70% in FY 2022-23, although the company is still not earning any profit during the historical data available with us.

As per the historical analysis, it is observed that Net Profit Margin of the company is rising continuously from -12.92% in FY 2019-20 to -4.45% in FY 2022-23, although the company is still not earning any profit during the historical data available with us.

Revenues Growth of the company is increasing during the past recent years post the covid-19, as per the data/information shared by the company/client.

|  |  |
| --- | --- |
| **PART F** | **VALUATION OF THE COMPANY** |

1. **METHODOLOGY/ MODEL ADOPTED:** Out of the various models & theories available, we have adopted the most widely used & acceptable approach to calculate the Enterprise Value of the Company, which is, Income based approach (Discounted Cash Flow Model).
2. The free cash flow method is similar to the method used for public companies.
3. FCFF is more practical when substantial capital changes are expected because weighted average cost of capital (WACC) is less sensitive to the cost of equity.
4. In this method, we calculate the free cash flow to firm (FCFF) for the projected period.
5. Finally, we calculate the present value of future cash flows by using a required rate of return based on the riskiness of the project, which we determine by using the Weighted Average Cost of Capital (WACC).

**RATIONALE FOR USING DCF METHOD FOR ENTERPRISE VALUATION:**

1. The three broadly used approaches of the company/Business Valuations are – Income based approach (Discounted Cash Flow Model), Asset Based Approach (Net Asset Value Method) and Relative Valuation Approach (Market Multiple method).
2. Asset Based Model is inappropriate as the Company is a going concern and the model is unable to capture the Value of the company.
3. Market Multiple Approach is also not suitable as the company is not listed and no proper similar recent comparable transactions are available.
4. Instead, DCF method is used which determines the value of a business based on its ability to generate desired economic benefit/ cash flows for the owners. Thus, considering the nature of business, we have used DCF method for valuing the Company.
5. The DCF Model gives us a variety of input options to use while calculating the Value of the firm - Dividend, Free Cash Flow to the Firm, Free Cash Flow to Equity, Capitalized Cash Flows and Residual Earnings.
6. Dividends cannot be used as the Company has no history of paying dividends and we don’t foresee any dividend payments to occur in the future due to the high leverage of the firm.
7. The best method input option for the PV Model in the case of M/s Aadhaar Wholesale Trading and Distribution Limited will be FCFF as it represents the benefits attributable to all the stakeholders in the Business enterprise.

**FCFF Model Formula and Key Inputs:**



* **Free Cash Flow to Firm (FCFF):** FCFF is the [cash](http://www.investinganswers.com/node/5011) available to pay investors after a company pays its costs of doing business, invests in short-term assets like [inventory](http://www.investinganswers.com/node/2474), and invests in assets like property, plants and equipment.

*FCFF = Net Income + Non-Cash Charges + Interest (1 - tax rate) – Working Capital Investment – Fixed Capital Investment.*

* **Weighted Average Cost of Capital (WACC):**The weighted average cost of capital (WACC) is the rate that a company is expected to pay on average to all its security holders to finance its assets. The WACC is commonly referred to as the firm’s cost of capital. WACC is used as the discount rate to discount FCFF.

******

Where D is the total debt, E is the shareholders equity and Kd and Ke are the cost of debt and cost of equity, respectively.

1. **CALCULATION OF FREE CASH FLOW TO FIRM:**

(Value in INR Lakhs)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Mar-24** | **Mar-25** | **Mar-26** | **Mar-27** | **Mar-28** |
| **Projected** | **Projected** | **Projected** | **Projected** | **Projected** |
| Revenue | 30,003.65 | 31,503.84 | 33,079.03 | 34,732.98 | 36,469.63 |
| Other Income | 138.20 | 145.11 | 152.36 | 159.98 | 167.98 |
| **Total Income** | **30,141.85** | **31,648.94** | **33,231.39** | **34,892.96** | **36,637.61** |
| Cost of Goods Sold | 27,453.34 | 28,826.01 | 30,267.31 | 31,780.68 | 33,369.71 |
| Employee Benefit Expenses | 1,123.24 | 1,201.86 | 1,261.96 | 1,325.05 | 1,391.31 |
| Other Expenses | 1,500.18 | 1,575.19 | 1,488.56 | 1,562.98 | 1,641.13 |
| **Total Expenses** | **30,076.76** | **31,603.06** | **33,017.82** | **34,668.71** | **36,402.15** |
| **EBITDA** | **65.09** | **45.88** | **213.57** | **224.25** | **235.46** |
| Depreciation and Amortization | 460.14 | 381.35 | 316.05 | 261.93 | 217.08 |
| **EBIT** | **-395.05** | **-335.47** | **-102.48** | **-37.68** | **18.38** |
| Less: Taxes (@25.17%) | 0.00 | 0.00 | 0.00 | 0.00 | 4.63 |
| **NOPAT** | -395.05 | -335.47 | -102.48 | -37.68 | 13.76 |
| ADD: Depreciation | 460.14 | 381.35 | 316.05 | 261.93 | 217.08 |
| Less: Capex | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Less: Change in WC | -664.79 | -56.57 | -58.26 | -62.33 | -63.91 |
| **Unlevered Free Cash Flow (UFCF)/ FCFF** | **729.88** | **102.45** | **271.82** | **286.58** | **294.74** |
| **FCFF for Remaining Year** | **315.08** | **102.45** | **271.82** | **286.58** | **294.74** |
| **Discount Rate (WACC)** | 14.98% |
| **Growth Rate** | 2.00% |
| Period | 0.43 | 1.43 | 2.43 | 3.43 | 4.43 |
| Discount Factor | 0.94 | 0.82 | 0.71 | 0.62 | 0.54 |
| Terminal Value |  |  |  |  | 2,316.90 |
| **PV of FCFF** | **296.66** | **83.90** | **193.60** | **177.53** | **158.80** |
| **PV of terminal Value** |  |  |  |  | **1,248.29** |
| **PV of FCFF + PV of TV** | **296.66** | **83.90** | **193.60** | **177.53** | **1,407.09** |
| **Enterprise Value of the Firm** | **2,158.77 Lakhs** |

1. **KEY INPUTS USED TO DISCOUNT CASH FLOWS DURING THE PROJECTION PERIOD:**

|  |
| --- |
| **Inputs** |
| **Valuation Date** | **25th October 2023** |
| **Discount Rate** | **14.98 %** |
| **Discount Rate Change** | **1%** |
| **Tax Rate** | **25.17 %** |

**Calculation of WACC for ‘AADHAAR’**

|  |
| --- |
| **Weighted Average Cost of Capital** |
| **Particular** | **Amount** | **Weightage** | **Discount Rate** |
| *INR Lakhs, Unless Otherwise Specified* |
| **Equity** | **7,740.00** | **46.44%** | **15.00%** |
| **Debt** | **8,927.00** | **53.56%** | **12.50%** |
| **Total** | **16,667.00** |  | **11.98%** |
| **Company Risk Premium** |  |  | **3.00%** |
| **Appropriate Discount Rate** |  |  | **14.98%** |

***Note:*** *Discount Rate Change of 1% is used to calculate the Sensitivity of the Enterprise Valuation with +/- changes in discount rate.*

1. **CALCULATION OF ENTERPRISE VALUE:**

 (Value in INR Lakhs)

|  |  |  |  |
| --- | --- | --- | --- |
| **Discount Rate** | **13.98%** | **14.98%** | **15.98%** |
| **PV of Free Cash Flow Over Projection Period** | 928.49 | 910.49 | 893.14 |
| **PV of Terminal Value**  | 1,405.91 | 1,248.29 | 1,115.33 |
| **Enterprise Value** |  2,334.40 |  **2,158.77**  | 2,008.47  |

Thus, M/s Aadhaar Wholesale Trading and Distribution Limited is having an Enterprise value of INR 2,158.77 Lakhs while all the assumptions according to company’s audited financials have been considered.

|  |
| --- |
| **ENTERPRISE VALUE OF M/S AADHAAR WHOLESALE TRADING AND DISTRIBUTION LIMITED** |
| **INR THREE THOUSAND ONE HUNDRED SEVENTY-ONE LAKHS AND ONE THOUSAND** **(INR 2,158.77 LAKHS)** |

***NOTE:***

* *This is just the enterprise valuation of the project based on its income generating capacity in future years. This Valuation shall not be construed as the physical asset or should be directly related to cost approach or Project cost.*
* *We have relied upon the historical data to forecast the financial projections as per the industry standards.*
1. **SENSITIVITY ANALYSIS:**
2. **WACC** is the key input which has strong impact on the firm’s value with respect to percentage change. We have considered a change of **1%** to perform the sensitivity analysis.

|  |  |
| --- | --- |
| **Scenario** | **WACC** |
| **Optimistic Case** | 13.98% |
| **Base Case** | 14.98% |
| **Pessimistic Case** | 15.98% |

1. **REVENUE GROWTH RATE** is the key input to calculate the Enterprise Value during assessing the firm’s value. We have considered a change of **0.50%** to perform the sensitivity analysis.

|  |  |
| --- | --- |
| **Scenario** | **Growth Rate** |
| **Optimistic Case**  | 2.50% |
| **Base Case** | 2.00% |
| **Pessimistic Case** | 1.50% |

1. **ENTERPRISE VALUE OF THE FIRM IN THE DIFFERENT SCENARIO:**

|  |  |
| --- | --- |
| **INR 2,158.77 Lakhs** | **Terminal Growth Rate** |
| **1.50%** | **2.00%** | **2.50%** |
| **Discount Rate** | **13.98%** | 2,271.44 | 2,334.40 | 2,402.85 |
| **14.98%** | 2,106.57 | **2,158.77** | 2,215.17 |
| **15.98%** | 1,964.67 | 2,008.47 | 2,055.52 |

Thus, in the base case, **‘AADHAAR’** is having the Enterprise Value of **INR 2,158.77 Lakhs** and it may vary up to **INR 2,402.85 Lakhs** as optimistic case and **INR 1,964.67 Lakhs** as the pessimistic case. However, as per sensitivity analysis, the final transaction price will be dependent on the bargaining power of market participants to reach out to a successful outcome for all the concerned parties.

Hence, using two-stage DCF Model, considering as a base case the Enterprise Value of “M/s Aadhaar Wholesale Trading and Distribution Limited” is being calculated as **INR 2,158.77 Lakhs**, subject to the current assumptions and inputs used during the forecasted period, as well as the terminal growth rate and WACC used to calculate the EV.

*This is only a general assessment of the Enterprise/Business Value of the firm based on the data/ input Company officials could provide to us against our questions/ queries and information available in the public domain. In no manner this should be regarded as an audit activity/ report and NO micro analysis or detailed or forensic audit/ scrutiny of the financial transactions or accounts of any kind has been carried out at our end.*

1. **KEY ASSUMPTIONS AND WORKINGS:** Assumptions in the Valuation assessment have been taken based on data/ information/ documents shared by the Company, Operating History of the Company, Annual Reports of the company, Market & Industry analysis. Assumptions have been considered after thoroughly reviewing their feasibility.
2. **FREE CASH FLOW TO FIRM:**  After the preparation of projections, we have calculated the Free Cash Flow to Firm for the particular year during the explicit period, which was calculated after adjusting the Non-Cash Expenses, Working Capital Changes and Capex with the Net Operating Profit after taxes (NOPAT).
3. **GROWTH RATE:**
* **Projected Period (For first five years):** The annual growth rate for the projected years’ revenue is considered as 5.00% keeping in mind the historical inflation rate is ranging between 5% to 6.5% in the past five years. We have considered the growth rate as 5% which is in the line and on conservative side in comparison with the respective sector and industry. It takes into account the potential impact of inflation on the business; this adjustment helps provide a more realistic and accurate estimate of the future revenue growth rate.
* **Perpetual Period:** Perpetual Growth rate has been considered as 2.00%, which is in the line and on conservative side in comparison with the respective sector and industry.
1. **OTHER INCOME:** To estimate the Other Income during the projection period we have used the average of the historical other income (without extraordinary and one-off income) with respect to the operating revenues as per the best practices used in the industry, which comes out to be 0.46%.
2. **OPERATING EXPENSES:** In the absence of the relevant information available with us we have the estimated the Operating Expenses during the projection period we have used the average of the historical expenses with respect to the operating revenues as per the best practices used in the industry.

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| **Particulars** | **FY 2020 A** | **FY 2021 A** | **FY 2022 A** | **FY 2023 A** |
| COGS (% of Operating Revenue) | 94.52% | 93.97% | 94.24% | 90.98% |
| Other Expenses W/O Prov. | 5.37% | 4.21% | 4.34% | 5.08% |

***Note:*** *For other expenses percentage with respect to operating revenue, we have excluded extraordinary expenses incurred during a particular year to find a more accurate estimation of the forecasted numbers.*

* **Cost of Goods Sold:** As per the information provided by the client/company, these expenses are estimated based on previous years’ expenses with an annual % of Operating Revenue of 91.50%.
* **Employee Benefit Expenses**: Employee benefit expenses are estimated based on previous years’ expenses with an annual expected growth rate of 7% in the initial two years of the forecasted period and post that a growth rate of 5% is estimated for the projections.
* **Other Expenses**: Other expenses are estimated based on previous years’ expenses with an annual % of Operating Revenue of 5% in the initial two years of the forecasted period and post that an annual % of Operating Revenue of 4.50% is estimated for the projections.
1. **TAXATION:** As per the information shared by company/client,corporate tax rate is 25.17%.
2. **DEPRECIATION AND AMORTIZATION:** As per historical trend, we have considered an annual rate for depreciation as 17.12% with respect to total depreciable assets for those years, which seems to be reasonable to keep a mark-up for future market & economic risks in the Project.
3. **WEIGHTS OF DEBT & EQUITY:** Wd and We are assumed at 53.56% and 46.44%, respectively, as the information provided by the company. For the consideration of weight of debt, we have considered INR 8,927 Lakhs (i.e., ICD from KFL) and for weight of equity, we considered INR 7,740 Lakhs (i.e., share capital).
4. **COST OF EQUITY:** Due to unavailability of comparable and sensitivity of company with respect to the market we cannot determine the cost of equity easily**,** hence in this scenario we have considered the Nifty Fifty 20-Year Return as a proxy for cost of equity, which is 15%.
5. **COST OF DEBT:** As the audited financial statement for the FY 2022-23, the interest rate for ICD from KFL is 12.50%, we have considered sustainable debt cost of 12.50% as the cost of debt. Likewise, post-tax cost of debt is calculated at 9.35%.
6. **COMPANY RISK PREMIUM:** As the holding company has been declared NPA, which restricts the company (AADHAAR) to expand its operations as per the information shared by the company. The historical performance of the company is also under stress as per the audited historical financials, which makes this company a risky prospect for any prospective investor. Due to these reasons, we have assumed a company-wide risk premium of 3%, which covers all the associated expected risks.
7. **TERMINAL VALUE:** Terminal value (TV) is used to estimate the value of a project beyond the forecast period. It is the present value of the sum of all future cash flows to the project or company and assumes the free cash flow will grow at a constant rate of 2% in this case. The formula for calculating the terminal value is as follows:

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To calculate the terminal value, we have used the financial data of the last projected year, i.e., FY 2027-28 and multiplied the FCFF of FY 2027-28 with (1 + Perpetual Growth Rate of 2%) and then divide the Free Cash Flow of the terminal period with the difference of required rate of return (WACC) and Perpetual Growth Rate (g) i.e., (WACC - g).

**Hence, the calculated Fair Market Value/Enterprise Value of M/s Aadhaar Wholesale Trading and Distribution Limited is INR 2,158.77 Lakhs, subject to the current micro & macro-economic assumptions, market, industry trends and inputs used during the forecasted period, as well as the growth rate and WACC used to calculate the EV.**

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| **Declaration** | 1. *Since this is Enterprise Valuation hence no site inspection was carried out by us.*
2. *The undersigned does not have any direct/indirect interest in the above property.*
3. *The information furnished herein is true and correct to the best of our knowledge.*
4. *This valuation work is carried out by our Financial Analyst team on the request from State Bank of India, Stressed Asset Management Branch - 3, 112/115, 1st Floor, West Wing, Tulsiani Chambers, Free Press Journal Marg, Nariman Point, Mumbai - 400021*
5. *We have submitted Valuation report to the Client.*
 |
| **Name & Address of Valuer company** | **Signature of the authorized person** |
| M/s R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd. D-39, Second Floor, Sector-2, Noida, UP-201301, India. |  |
| **Number of Pages in the Report** | **41** |
| **Financial Analyst Team worked on the report** | ***PREPARED BY: Mr. Rachit Gupta*** |
| ***REVIEWED BY: Mr. Gaurav Kumar*** |

**For R.K Associates Valuers & Techno Place: Noida**

**Engineering Consultants (P) Ltd. Engineering Consultants (P) Ltd. Date: 25th October 2023**

**(Authorized Signatory)**

**Valuations**

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| **PART G** | **IMPORTANT DEFINITION** |

***Definitions:***

* ***Enterprise Value:*** *Enterprise value (EV) is the corporate valuation of a company, determined by using market capitalization and total debt. Market cap comprises preference stocks, common stocks, and minority interest; total debt comprises short-term and long-term liabilities of the company. Enterprise value (EV) refers to the overall valuation—equity, debt, cash, and cash equivalents. In other words, it is the cost of acquiring a firm. The EV/EBITDA is an enterprise multiple. It correlates EV with earnings before interest, taxes, depreciation, and amortization. The metric determines whether the firm is undervalued or overvalued.*

*EV is computed using the following formula: EV = (Market Capitalization + Market Value of Debt – Cash and Equivalents).*

* ***Fair Market Value****suggested by the competent Valuer is that prospective estimated amount in his expert & prudent opinion of the subject asset without any prejudice after he has carefully & exhaustively evaluated the facts & information came in front of him related to the subject asset at which the subject asset should be exchanged between a willing buyer and willing seller at an arm’s length transaction in an open & unrestricted market, after proper marketing, wherein the parties, each acted knowledgeably, prudently and without any compulsion on the date of the Valuation.*

*Forced, under compulsion & constraint, obligatory sales transactions data doesn’t indicate the Fair Market Value.*

* ***Realizable Value*** *is the minimum prospective estimated value of the Company which it may be able to realize at the time of actual transaction factoring in the potential prospects of deep negotiations carried out between the buyer & seller for ultimately finalizing the transaction across the table. Realizable value may be 10-20% less than the Fair Market Value depending on the various salability prospects of the subject asset and the needs of the buyer & the seller.*
* ***Forced/ Distress Sale Value*** *is the value when the company has to be sold due to any compulsion or constraint like financial encumbrances, dispute, as a part of a recovery process, legal issues or any such condition or situation. In this type of sale, minimum fetch value is assessed which can be 15-25% less than the estimated Fair Market Value. In this type of sale, negotiation power of the buyer is always more than the seller and eagerness & pressure of selling the asset is more than buying it. Therefore, the Forced/ Distress Sale Value will always fetch significantly less value compare to the estimated Fair Market Value.*
* ***Liquidation Value*** *is the amount that would be realized when an asset or group of assets are sold on a piecemeal basis that is without consideration of benefits (or detriments) associated with a going-concern business. Liquidation value can be either in an orderly transaction with a typical marketing period or in a forced transaction with a shortened marketing period.*
* ***Difference between Costs, Price & Value:*** *Generally, these words are used and understood synonymously. However, in reality each of these has a completely different meaning, premise and also have different definitions in the professional & legal terms. Therefore, to avoid confusion, it is our professional responsibility to describe the definitions of these words to avoid ambiguity & confusion in the minds of the user of this report.*
* *The* ***Cost*** *of an asset represents the actual amount spend in the construction/ actual creation of the asset.*
* *The* ***Price*** *is the amount paid for the procurement of the same asset.*
* *The* ***Value*** *is defined as the present worth of future rights in the asset and depends to a great extent on combination of various factors such as demand and supply, market situation, purpose, situation & needs of the buyer & seller, salability outlook, usability factor, market perception & reputation. Needs of the buyer & seller, salability outlook, usability factor, market perception & reputation.*
* *Therefore, in actual for the same asset, cost, price & value remain different since these terms have different usage & meaning.*

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| **PART H** | **DISCLAIMER | REMARKS** |

* + - 1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.
			2. This is just an opinion report on Valuation based on the copy of the documents/ information provided to us by the client which has been relied upon in good faith and the assessment and assumptions done by us.
			3. This report is prepared based on the copies of the documents/ information which the Bank/ Company has provided to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. 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. All such information provided to us has been relied upon in good faith and we have assumed that it is true and correct in all respect. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the owner, company, its directors, employee, representative or agents. Verification or cross checking of the documents provided to us from the originals or from any Govt. departments/ Record of Registrar has not been done at our end since this is beyond the scope of our work. If at any time in future, it is found or came to our knowledge that misrepresentation of facts or incomplete or distorted information has been provided to us then this report shall automatically become null & void.
			4. This Valuation is prepared based on the current financial status of the company, financial data, other facts & information provided by the client in writing & during verbal discussion during the course of the assignment and based on certain assumptions which are specifically mentioned in the Valuation section of the Report.
			5. Key assumptions in the report are taken based on data, information, inputs, financial statements etc. provided by the client to us during the course of the assessment and on the basis of the assessment done by us and we have assumed that all such information is true & factual to the best of the knowledge of the promoter company.
			6. Sale transaction method of the asset is assumed as free market transaction while assessing Prospective Fair Market Value of the asset.
			7. Legal aspects for e.g., investigation of title, ownership rights, lien, charge, mortgage, lease, sanctioned maps, verification of documents, etc. have not been done at our end and same has to be taken care by legal expert/ Advocate. It is assumed that the concerned Lender/ Financial Institution has satisfied them with the authenticity of the documents, information given to us and for which the legal verification has been already taken and cleared by the competent Advocate before requesting for this report. I/ We assume no responsibility for the legal matters including, but not limited to, legal or title concerns.
			8. All observations mentioned in the report is only based on the visual observation and the documents/ data/ information provided by the client. No mechanical/ technical tests, measurements or any design review have been performed or carried out from our side during Project assessment.
			9. Bank/FII should ONLY take this report as an Advisory document from the Financial/ Chartered Engineering firm and its specifically advised to the creditor to cross verify the original documents for the facts mentioned in the report which can be availed from the borrowing company directly.
			10. In case of any default in loans or the credit facility extended to the borrowing company, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.
			11. We have relied on data from third party, external sources & information available on public domain also to conclude this report. 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, however still we can’t vouch its authenticity, correctness or accuracy.
			12. This Report is prepared by our competent technical team which includes financial experts & analysts. This report is a general analysis of the project based on the scope mentioned in the report. This is not an Audit report, Design document, DPR or Techno feasibility study. All the information gathered is based on the facts seen on the site during survey, verbal discussion & documentary evidence provided by the client and is believed that information given by the company is true best of their knowledge.
			13. Value varies with the Purpose/ Date/ Condition of the market. This report should not to be referred if any of these points are different from the one mentioned aforesaid in the Report.
			14. Analysis and conclusions adopted in the report are limited to the reported assumptions, conditions and information came to our knowledge during the course of the work.
			15. This report is having limited scope as per its fields to provide only the general indication of the Value of Equity of the companies prevailing in the market based on the documents/ data/ information/ financial statements provided by the client and the assessment and assumption taken by us. The suggested value should be considered only if transaction is happened as free market transaction.
			16. Secondary/ Tertiary costs related to transaction like Stamp Duty, Registration charges, Brokerage, etc. pertaining to the sale/ purchase of the company are not considered while assessing the Market Value.
			17. Appropriate methodology & assumptions are rationally adopted based on the facts of the case came to our knowledge during the course of the assignment considering many factors like nature of Industry, current market situation and trends.
			18. Valuation is a subjective field and opinion may differ from consultant to consultant. To check the right opinion, it is important to evaluate the methodology adopted and various factors/ basis considered during the course of assessment before reaching to any conclusion.
			19. At the outset, it is to be noted that Value analysis cannot be regarded as an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of different factors, which have to be made. Therefore, there can be no standard formulae to establish an indisputable exchange ratio. In the event of a transaction, the actual transaction value achieved may be higher or lower than our indicative analysis of value depending upon the circumstances of the transaction. The knowledge, negotiability and motivations of the buyers and sellers and the applicability of a discount or premium for control will also affect actual price achieved. Accordingly, our indicative analysis of value 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. However, our Valuation analysis can definitely help the stakeholders to make them informed and wise decision about the Value of the asset and can help in facilitating the arm’s length transaction.
			20. This report is prepared on the Enterprise Valuation format as per the client requirement. This report is having limited scope as per its fields to provide only the indicative Fair value of the company based on the current financial position, future prospects & current Industry trends. The Valuation assessed in this Valuation Report should hold well only if transaction is happened as per free market transaction. No detailed analysis or verification of the information is carried upon pertaining to the value of the shares of the subject companies. No claim for any extra information will be entertained whatsoever be the reason. For any extra work over and above the fields mentioned in the report will have an extra cost which has to be borne by the customer.
			21. As per the scope of the report no site survey has been carried out by us and no thorough vetting of the documents/ information provided to us has been done at our end.
			22. This is just an opinion report and doesn’t hold any binding on anyone. It is requested from the concerned stakeholder which is using this report that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.
			23. Though adequate care has been taken while preparing this report as per its scope, but still, we can’t rule out typing, human errors, over sightedness of any information or any other mistakes. Therefore, the concerned organization is advised to satisfy themselves that the report is complete & satisfactory in all respect. Intimation regarding any discrepancy shall be brought into our notice immediately. If no intimation is received within 15 (Fifteen) days in writing from the date of issuance of the report, to rectify these timely, then it shall be considered that the report is complete in all respect and has been accepted by the client up to their satisfaction & use and further to which R.K Associates shall not be held responsible in any manner.
			24. This Valuation report is prepared based on the facts of the companies provided to us during the course of the assignment. However, in future the assumptions taken may change or may go worse due to impact of Govt. policies or effect of World economy, Industry/ market scenario may change, etc. Hence before taking any business decision the user of this report should take into consideration all such future risk.
			25. The documents, information, data provided to us during the course of this assessment by the client is reviewed only up to the extent required in relation to the scope of the work. No document has been reviewed beyond the scope of the work.
			26. In case of any default in repayment of credit facility extended to the borrowing company, as estimated by us, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.
			27. This report only contains general assessment & opinion as per the scope of work evaluated and based on technical & market information which came to knowledge during course of the assignment as per the information given in the copy of documents, information, data provided to us and/ and confirmed by the owner/ owner representative to us at site which has been relied upon in good faith. It doesn’t contain any other recommendations of any sort including but not limited to express of any opinion on the suitability or otherwise of entering into any transaction with the borrower.
			28. This Valuation is conducted based on the macro analysis of the asset/ property and operations of the companies and not based on the micro, component or item wise analysis. Analysis done is a general assessment and is not investigative in nature.
			29. This report is prepared following our Standard Operating Procedures & Best Practices, Limitations, Conditions, Remarks, Important Notes, Valuation TOR.
			30. Valuation is done based on the industry wide general accepted norms and based on the international standards & best practices for equity valuations.
			31. Any kind of unpaid statutory, utilities, lease, interest or any other pecuniary dues on the asset has not been factored in the Valuation.
			32. All Pages of the report including annexures are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.
			33. Defect Liability Period is **15 DAYS**. We request the concerned authorized reader of this report to check the contents, data and calculations in the report within this period and intimate us in writing if any corrections are required or in case of any other concern with the contents or opinion mentioned in the report. Corrections only related to typographical, calculation, spelling mistakes, incorrect data/ figures/ statement will be entertained within the defect liability period. Any new changes for any additional information in already approved report will be regarded as additional work for which additional fees may be charged. No request for any illegitimate change in regard to any facts & figures will be entertained.
			34. R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at valuers@rkassociates.org in writing within 15 days of report delivery. After this period no concern/ complaint/ proceedings in connection with the Financial Feasibility Study Services will be entertained due to possible change in situation and condition of the subject Project.
			35. Our Data retention policy is of **ONE YEAR**. After this period, we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.
			36. This Enterprise Valuation report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) R.K Associates Quality Policy, (3) Valuation & Survey Best Practices Guidelines formulated by management of R.K Associates, (4) Information input given to us by the customer and (4) Information/ Data/ Facts given to us by our field/ office technical team. Management of R.K Associates never gives acceptance to any unethical or unprofessional practice which may affect fair, correct & impartial assessment and which is against any prevailing law. In case of any indication of any negligence, default, incorrect, misleading, misrepresentation or distortion of facts in the report then it is the responsibility of the user of this report to immediately or at least within the defect liability period bring all such act into notice of R.K Associates management so that corrective measures can be taken instantly.
			37. R.K Associates never releases any report doing alterations or modifications from pen. In case any information/ figure of this report is found altered with pen then this report will automatically become null & void.
			38. If this report is prepared for the matter under litigation in any Indian court, no official or employee of R.K Associates will be under any obligation to give in person appearance in the court as a testimony. For any explanation or clarification, only written reply can be submitted on the additional payment of charges.