

Valuation of equity shares of Brijlaxmi Leasing & Finance Limited for compliance with Regulation 166A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022

1st February 2023

NITISH CHATURVEDI

*Registered Valuer (Securities or Financial Assets) with IBBI
Registration No.: IBBI/RV/03/2020/12916*

Date: 1st February 2023

To,
The Board of Directors
BRIJLAXMI LEASING & FINANCE LIMITED
Add: 24, Suwarnpuri Society, Chikwadi,
Jetalpur Road, Alkapuri, Vadodara-390007

Dear Sirs,

Sub: Valuation of equity shares of Brijlaxmi Leasing & Finance Limited

Brijlaxmi Leasing & Finance Limited (“BLFL” or “the Company”) intends to issue equity shares to its proposed investors.

In this regard, Nitish Chaturvedi, Registered Valuer with IBBI Registration No. IBBI/RV/03/2020/12916 (‘Nitish’ or ‘Independent Valuer’) has been appointed to determine fair value of equity shares of BLFL for compliance with for compliance with Regulation 166A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended up to date (‘SEBI ICDR Regulations’) (‘Valuation Purpose’).

The relevant date, as informed to us by the Management of BLFL (‘the Management’), for the purpose of calculation of the price per share under the SEBI ICDR Regulations for issuance of equity shares is 31st January 2023 (‘Relevant Date’). The Valuation Date as informed to us by the Management for computation of equity value per share of BLFL is 30th January 2023 (‘Valuation Date’).

This Report is structured under the following broad heads:

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



BACKGROUND

Brijlaxmi Leasing & Finance Limited

- Brijlaxmi Leasing & Finance Limited is a Listed Non-Banking Finance Company (NBFC), having RBI registration number. Our Company is categorized as Non-Deposit Accepting NCFE.
- Brijlaxmi Leasing & Finance Limited (BLFL) was incorporated as a Private Limited Company in ROC, Gujarat State but changed itself as a Public Limited Company.
- The company has got the certificate as NBFC from RBI. It has also been categorized as Investment Company.
- Equity shares of BLFL are listed on BSE Limited("BSE").
- The shareholding pattern of BLFL as of 31st December 2022 is as under:

Particulars	No. of shares	% Shareholding
Promoter & Promoter Group	7,73,850	13.70%
Public	48,74,650	86.30%
Total	56,48,500	100.00



INFORMATION SOURCES

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

- Unaudited Consolidated Financial Statements of BLFL for the period ended 30th September 2022;
- Other relevant publicly available data;
- Our regular discussions with management representatives of BLFL;
- We have also relied on published and secondary sources of data whether or not made available by the Companies.



VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION

- We have performed the valuation analysis, to the extent possible, in accordance with International Valuation Standards.
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
 - Requested and received relevant data from the Management
 - Discussions with the Management on understanding of the business of the Company
 - Obtained and analysed data available in public domain, as considered relevant by us
 - Obtained and analysed market prices and other data involving equity shares of BLFL and of comparable companies, as applicable and relevant
 - Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us
 - Determination of value per equity share of BLFL, as relevant
 - Preparation and issuance of this valuation report.



VALUATION APPROACHES AND METHODOLOGIES

- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company is to use a combination of relevant and applicable valuation methods.
- IVS 301 read with IVS 103 specifies that generally the following three approaches for valuation of business / business ownership interest are used:
 - Cost Approach
 - Market Approach
 - Income Approach

Cost Approach – Net Asset Value (NAV) method

- The value under cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under NAV method, total value of the business is based either on net asset value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business. Given the nature and specifics of the business, we have considered the Adjusted NAV method, wherein we have replaced the book value of the investments recorded in the books of the Company with the fair value for the said asset as provided to us by the Management.

Income Approach – Discounted Cash Flows (DCF) method

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

We have not considered Discounted Cash Flows (DCF) method under the income approach due to unavailability of business projections of BLFL as we understand that

projections of BLFL would be price sensitive information, which was therefore not made available to us.

Market Approach – Market Price method

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

In terms of Regulation 166A of the SEBI ICDR Regulations,

166A. (1) Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

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

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

Provided further that the valuation report from the registered valuer shall be published on the website of the issuer and a reference of the same shall be made in the notice calling the general meeting of shareholders.

(2) Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee's meeting shall be disclosed in the notice calling the general meeting of shareholders.



Regulations 164 for frequently traded shares states the following:

In terms of Regulation 164 (1) of Part IV of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (ICDR Regulations), if the equity shares of the issuer have been listed on a recognised stock exchange for a period of **90 trading days** or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a) the **90 trading days** volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b) the **10 trading days** volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the preceding the relevant date

“Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.”;

(2) If the equity shares of the issuer have been listed on a recognized stock exchange for a period of less than 90 trading days as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than the higher of the following:

- a) the price at which equity shares were issued by the issuer in its initial public offer or the value per share arrived at in a scheme of compromise, arrangement and amalgamation sections 230 to 234 the Companies Act, 2013, as applicable, pursuant to which the equity shares of the issuer were listed, as the case maybe; or
- b) the volume weighted average prices of the related equity shares quoted on the recognized stock exchange during the period the equity shares have been listed preceding the relevant date; or
- c) the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the 10 trading days preceding the relevant date.

Since, BLFL is a listed company and equity shares of BLFL are traded on BSE Limited over a reasonable period, we have considered Market Price method to determine the value of equity shares of BLFL. We have been informed by the Management that the relevant date as per the SEBI ICDR Regulations, for the purpose of calculation of the price per share of BLFL for the proposed preferential issue of shares is 31st Januray 2023. We have considered this as the cut-off date to determine the price for the proposed preferential allotment of equity shares of BLFL under Regulation 166A of SEBI ICDR Regulations. We have considered the stock prices of BLFL from BSE for calculating the fair market value of equity shares of the Company.



Market Approach – Comparable Companies’ Multiple (CCM) method

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

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

Parameter	Value (INR)	Weight (%)	Weighted Value
Market Based Value	4.65	50.00	3.21
Earning Based Value	-	0.00	-
Net Asset Value	6.43	50.00	2.33
Average Value Per Share (INR)			5.54



SCOPE LIMITATIONS AND DISCLAIMERS

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



VALUATION ANALYSIS AND CONCLUSION

- The value per equity share of BLFL are based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, i.e., Market Price method and Adjusted NAV method for determining value per share of Brijlaxmi Leasing & Finance Limited.
- In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report for the proposed transaction, in our opinion, we recommend the fair value of equity shares of BLFL at **INR 5.54 per equity share**, which is higher of value arrived in Annexure I and Annexure IIA.
- As per the provisions of Companies Act, 2013, a company cannot issue shares less than its face value. Since the Fair Value per share comes out to be less than face value per share of INR 10. Therefore, the face value becomes its fair value, i.e **INR 10**.

Yours faithfully,

Nitish Chaturvedi

Nitish Chaturvedi

Registered Valuer

IBBI Reg. No.: IBBI/RV/03/2020/12916

Place: Mumbai

Date: 1st February 2023



Enclosed:

Annexure I: Determination of value per equity shares of BLFL using Adjusted NAV method;

Annexure IIA: Determination of value per equity share of BLFL using Market Price method

Annexure IIB: Computation of share price of BLFL under Regulation 166A of ICDR Regulations.

Annexure I – Determination of value of equity shares of BLFL using Adjusted NAV method

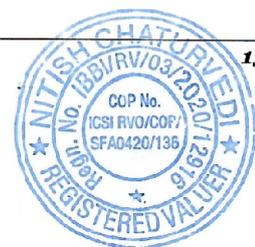
We have considered Adjusted NAV method (latest available financial statements as on 30.09.2022) to determine the value per equity share of BLFL. The value of equity shares of BLFL using Adjusted NAV method is **INR 6.43 per equity share.**

Particulars	Amount (INR Lakh)
Property Plant & Equipment	8.26
Current Tax Assets	31.78
	40.04
Loans	1,951.17
Investments (Fair Value)	83.80
Trade Receivables	1.65
Cash and Cash Equivalents	2.53
Other Financial Assets	14.79
	2,053.94
Total	2,093.98
Liabilities	
Borrowings	1,669.10
Provisions	26.25
Deferred Tax Liabilities	0.22
Trade Payables	5.33
Other Financial Liabilities	30.03
Total	1,730.93
Net Asset Value	363.05
No. of Shares	56,48,500
Value per Share (INR)	6.43

Annexure IIA – Determination of value per equity share of BLFL using Market Price method

Valuation of equity shares of BLFL using Market Price method			
		Particulars	VWAP
	A	Average of 90 trading days VWAP	4.40
	B	Average of 10 trading days VWAP	4.65
		Floor Price (Higher of A or B)	4.65

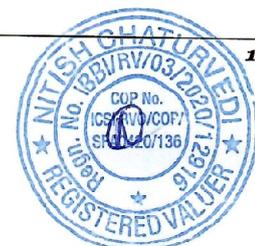
Based on the above computation, we understand that the value of equity shares of BLFL can be considered at INR 4.65 per equity share for the said Valuation Purpose and as of the said Valuation Date.



Annexure IIB – Computation of share price of BLFL shares under Regulation 166A of SEBI ICDR Regulations, as per historical trading prices on BSE website

Volume weighted average price (VWAP) of the equity shares of BrijLaxmi Leasing & Finance Limited quoted on the BSE Limited Stock Exchange during the 90 trading days preceding the relevant date (considering relevant date as 31-Jan-2023)

Sr No	Date	Volume of Traded Shares	Total Turnover (Rs.)
1	30-Jan-23	1,710	7,267
2	27-Jan-23	156	697
3	25-Jan-23	293	1,377
4	24-Jan-23	7,881	41,513
5	23-Jan-23	21,707	1,12,876
6	20-Jan-23	2,740	13,590
7	19-Jan-23	8,615	40,748
8	18-Jan-23	41,908	1,87,503
9	17-Jan-23	21,352	91,407
10	16-Jan-23	4,259	17,152
11	13-Jan-23	8,919	35,538
12	12-Jan-23	8,454	34,228
13	11-Jan-23	1,573	6,050
14	10-Jan-23	2,049	8,399
15	09-Jan-23	9,947	41,308
16	06-Jan-23	3,531	15,038
17	05-Jan-23	2,740	11,628
18	04-Jan-23	11,023	46,010
19	03-Jan-23	1,649	6,656
20	02-Jan-23	9,004	36,162
21	30-Dec-22	9,093	38,883
22	29-Dec-22	5,089	21,843
23	28-Dec-22	8,173	31,946
24	27-Dec-22	9,445	36,269
25	26-Dec-22	2,981	11,925
26	23-Dec-22	2,145	8,883
27	22-Dec-22	12,893	55,652
28	21-Dec-22	14,744	67,410
29	20-Dec-22	12,791	55,746
30	19-Dec-22	9,808	39,714
31	16-Dec-22	5,003	19,873
32	15-Dec-22	25,818	1,02,384
33	14-Dec-22	14,261	61,377
34	13-Dec-22	6,135	25,389
35	12-Dec-22	35,370	1,40,101
36	09-Dec-22	6,371	26,515
37	08-Dec-22	6,811	29,723



Valuation of equity shares of Brijlaxmi Leasing & Finance Limited

38	07-Dec-22	25,370	1,16,199
39	06-Dec-22	41,493	2,04,279
40	05-Dec-22	38,817	1,85,751
41	02-Dec-22	6,007	27,451
42	01-Dec-22	4,317	18,822
43	30-Nov-22	5,340	22,214
44	29-Nov-22	49,042	1,80,769
45	28-Nov-22	3,989	15,118
46	25-Nov-22	2,962	11,788
47	24-Nov-22	8,822	36,875
48	23-Nov-22	2,157	9,469
49	22-Nov-22	6,200	28,644
50	21-Nov-22	1,576	7,659
51	18-Nov-22	2,482	12,683
52	17-Nov-22	25,624	1,37,600
53	16-Nov-22	11,870	67,065
54	15-Nov-22	26,505	1,65,387
55	14-Nov-22	63,233	3,95,203
56	11-Nov-22	14,116	84,131
57	10-Nov-22	10,279	58,384
58	09-Nov-22	5,761	31,167
59	07-Nov-22	7,637	39,406
60	04-Nov-22	25,387	1,24,904
61	03-Nov-22	9,031	42,355
62	02-Nov-22	14,007	62,608
63	01-Nov-22	27,838	1,19,250
64	31-Oct-22	18,103	74,041
65	28-Oct-22	10,308	40,201
66	27-Oct-22	6,630	24,574
67	25-Oct-22	6,340	22,437
68	24-Oct-22	4,743	16,225
69	21-Oct-22	7,035	22,746
70	20-Oct-22	14,511	42,823
71	19-Oct-22	50,732	1,62,498
72	18-Oct-22	5,568	17,372
73	17-Oct-22	4,253	12,667
74	14-Oct-22	3,327	8,929
75	13-Oct-22	1,796	4,874
76	12-Oct-22	2,455	7,006
77	11-Oct-22	1,775	5,235
78	10-Oct-22	2,306	6,933
79	07-Oct-22	587	1,820
80	06-Oct-22	1,083	3,411
81	04-Oct-22	2,626	9,078
82	03-Oct-22	3,603	12,019

Privileged & Confidential



83	30-Sep-22	12,592	43,592
84	29-Sep-22	19,843	65,785
85	28-Sep-22	7,871	24,945
86	27-Sep-22	14,233	42,172
87	26-Sep-22	5,026	14,403
88	23-Sep-22	2,344	6,809
89	22-Sep-22	1,036	3,025
90	21-Sep-22	1,595	4,315
Total		10,08,624	44,33,896
VWAP of 90 trading Days (INR)			4.40

Volume weighted average price (VWAP) of the equity shares of BLFL Limited quoted on the BSE Limited Stock Exchange during the 10 trading days preceding the relevant date (considering relevant date as 31-Jan-2023)

Sr No	Date	Volume of Traded Shares	Total Turnover (Rs.)
1	30-Jan-23	1,710	7,267
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8	18-Jan-23	41,908	1,87,503
9	17-Jan-23	21,352	91,407
10	16-Jan-23	4,259	17,152
Total		1,10,621	5,14,130
VWAP of 10 trading Days (INR)			4.65

<<End of Report>>

