

REPORT ON VALUATION OF THE EQUITY SHARES

OF

COMPANY

VIVANZA BIOSCIENCES LIMITED.

Anil Kumar Agarwal (IBBI/RV/06/2019/11942)

(Registered Valuer under Securities or Financial Assets)

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Date: 17th June 2022.

To
The Board of Directors
VIVANZA BIOSCIENCES LIMITED
403, Sarthik 2, Opp. Rajpath Club,
S. G. Highway Ahmedabad GJ 380054

Dear Sir/s,

Sub: Valuation of the equity shares of Vivanza Biosciences Limited.

I, Anil Kumar Agarwal, a Registered Valuer under Securities or Financial Assets Class having Registration No. IBBI/RV/06/2019/11942 (hereinafter referred to as "AA") refer to my engagement letter dated 14th June, 2022 for carrying out the valuation of equity shares for raising additional share capital by issuing equity shares on a Preferential basis. I have arrived at value of equity shares of Vivanza Biosciences Limited (hereinafter referred to as "VBL" or "The Company") as per Valuation Standard issued by the Institute of Chartered Accountant of India and the rules and regulations prescribed under the Companies Act, 2013.

In accordance with the terms of the engagement, I am enclosing my valuation report dated 17th June 2022 along with this letter. I have summarized our valuation analysis of the company together with the description of methodologies used and limitation on my scope of work in the report.

This valuation analysis is confidential and has been prepared exclusively for the management of the company. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Anil Agarwal, Registered Valuer. Such consent will only be



Anil Kumar Agarwal

Registered Valuer (S of FA)

given after full consideration of the circumstance at the time. I am aware that the conclusion in this report may be used for the purpose of certain statutory disclosure by Company and provide consent for the same.

Trust the above meets your requirements.

Please feel free to contact me in case you require any additional information or clarifications.

Yours Faithfully,

Anil Kumar Agarwal

Reg. No: IBBI/RV/06/2019/11942



Registered Valuer
(Securities or Financial Assets Class)

UDIN: 22100096ALCSAK5138

Date: 17th JUNE, 2022

Place: Ahmedabad

CONTENTS OF THE REPORT

EXECUTIVE SUMMARY	1
COMPANY OVERVIEW	2
TERM OF REFERENCE AND PURPOSE OF VALUATION	3
STANDARD OF VALUE	4
SCOPE OF SERVICE	4
SCOPE LIMITATION	5
SOURCE OF INFORMATION.....	5
VALUATION DATE	6
VALUATION METHODOLOGY	6
INCOME APPROACH	7
MARKET APPROACH	8
ASSET BASED APPROACH	8
CONCLUSION	9
VALUATION ANALYSIS	9
NET ASSET METHOD	9
CALCULATION OF FAIR VALUE	10
CONCLUSION	11

EXECUTIVE SUMMARY

- **Report Summarized** : Anil Kumar Agarwal, a Registered Valuer under Securities or Financial Assets Class having Registration No. IBBI/RV/06/2019/11942 has issued the valuation report. The valuation is subject to the statement of limiting conditions contained in the report.
- **Business Activity** : The company is in the business of Trading and manufacturing of Pharmaceuticals promoted by seasoned medical professionals and technocrats.
- **Purpose of Valuation** : Valuation of shares to compute the fair value per equity share to issue additional equity shares under Private placement as per the companies Act 2013 and SEBI (ICDR) Regulations 2018.
- **Method of Valuation** : Net Asset Value (NAV) Method / Book Value
- **Standard of Value** : Fair Value
- **Premises of Value** : Fair value of the equity share arrived for issues of additional equity share on preferential allotment on private placement basis as per the provision of Section 42 read with Section 62(1)(c) of the companies Act 2013 and SEBI (ICDR) Regulations 2018
- Valuation Date:**
- **Date of Valuation** : 31st May, 2022
: 17th June, 2022.
- **Value Conclusion** : The Fair value per equity share of VBL as at the valuation is Rs.8.57, however the company cannot issue share below the face value, the fair value for issue of Share is at Par of Rs. 10.00 per share.



COMPANY OVERVIEW

VIVANZA BIOSCIENCES LIMITED was incorporated on 06th March 1982 under the Companies Act, 1956 (hereinafter referred to as "VBL" or "The Company") as a Public Limited Company in the name of "IVEE Injecta Limited". The Company subsequently acquired by the promoters and later name is changed to "Vivanza Biosciences Limited". The registered office of the company is situated at 403, Sarthik 2, Opp. Rajpath Club, S. G. Highway Ahmedabad GJ 380054.

The Company is in the business of trading of Pharmacy Products. 100% of Company's turnover is generated from the trading of pharmaceutical products. Company is listed on Bombay Stock Exchange. The Company's Management team has extensive experience in dealing with Pharma Industries. The Company has a wholly owned subsidiary named "Vivanza Lifesciences Private Limited" (Formerly known as Fortune Beverages Private Limited) which was incorporated on 17th June 2016 with the capital of Rs. 1,00,000/-.

Capital structure:

Particulars	Equity Capital	
	Numbers	Amount
Authorized Share Capital	40,00,000	4,00,00,000
Issued, Subscribed and Paid-up Share Capital	40,00,000	4,00,00,000

VBL has not issued any fresh share capital after March 31, 2022 and there is no change in capital structure since then to the date of report.

The Company intends to determine the fair Valuation of the Shares of VBL to raise additional share capital by issuing Equity Shares under private placement route as per the provisions of the Companies Act, 2013.

In this perspective, I, Anil Kumar Agarwal, Registered Valuer have been appointed by the Company to determine the fair value of its equity shares in accordance with the Valuation Standards issued by the Institute of Chartered Accountants of India and the rules and regulations prescribed under the Companies Act, 2013 It has been asked by the engagement letter issued by the company dated 14th June 2022 to ascertain the fair value of equity shares of the company.



TERM OF REFERENCE AND PURPOSE OF VALUATION

Based on the discussions held with the Management of the Company, the company has proposed to raise an additional equity share capital by issue of equity shares under private placement route as per the section 42 of the Companies Act, 2013 and as per the applicable guidelines of SEBI (ICDR) Regulations 2018.

In view of the above management needs to ascertain the value of equity share of the Company at which the Equity Shares may be issued and allotted to the prospective identified investors. It is intended only for the sole use and information of the company.

Section 42 of the Companies Act, 2013 defines 'private placement' as: "Any offer of Securities or invitation to subscribe securities to a select group of persons who have been identified by the Board of the company (other than by way of public offer) through issue of a private placement offer letter and which satisfies the conditions specified in this section including the condition that the offer or invitation is made to not more than 50 or such higher number of persons as may be prescribed (excluding QIB's and employees offered securities under ESOP) in a financial year".

As per section 62 (1) (c), the price of the shares or other securities to be issued on a preferential basis shall be determined on the basis of valuation report of the registered valuer.

Regulation 165 of SEBI (ICDR) Regulations 2018.:

Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies: Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an Registered independent valuer to the stock exchange where the equity shares of the issuer are listed.



In this respect, I have been appointed by the Company to determine the fair value of its equity shares in accordance with the Valuation Standards issued by the Institute of Chartered Accountants of India and the rules and regulations prescribed under the Companies Act, 2013 to ascertain the minimum price at which the equity shares of Company can be issued and allotted as per the applicable pricing methodology.

STANDARD OF VALUE

The purpose of the current valuation exercise to arrive at the Fair Value of the Equity Share of the company for the purpose of issue of additional Equity share section 42 read with section 62(1)(c) of the Companies Act, 2016 to the identified person on the private placement basis.

Fair Value: ICAI Valuation Standards defined *fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.*

Based of the nature of assignment and availability of the information, we have estimated Fair Value of the existing equity share of the VBL as per valuation which is defined by ICAI Valuation Standards.

SCOPE OF SERVICE

This valuation report has been prepared by Anil Kumar Agarwal, Registered Valuer to determine the fair value of its equity shares in accordance with the Valuation Standards issued by the Institute of Chartered Accountants of India and the rules and regulations prescribed under the Companies Act, 2013 to ascertain the price at which the equity shares of Company can be issued and allotted as per the applicable pricing methodology.



SCOPE LIMITATION

This valuation report has been prepared on the basis of the Unaudited Balance Sheet as on 31st May 2022 and explanations given by the officers and management of the Company, as detailed under the "Sources of Information" of the report and discussions held with the management and other sourced publicly available information.

The valuation exercise was carried out under the following limitations:

- I have not made an appraisal or independent valuation of any of the assets or liabilities of the Company and have not conducted an audit or due diligence or reviewed / validated the financial data provided by the management.
- The scope of my work has been limited both in terms of the areas of the business and operations which have been reviewed and the extent to which have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncovered.

SOURCE OF INFORMATION

For the purpose of this report, I, have pursued and relied upon following documents and information made available to us by the management for all the Companies in concern:

- Audited financial statement of company for FY 2018-19, 2019-20 and FY 2020-21.
- Audited Standalone and Consolidated financial results of the company for the quarter and year ended on 31st March, 2022 published by the company to Bombay Stock Exchange as on 27/05/2022.
- Unaudited Books of Accounts, certified by the management, as on 31st May 2022 the date of valuation.
- Past and present business operations of the Company.
- Memorandum and Articles of Association.
- Brief history of the Company and broad particulars of the promoters and the management.
- Brief about the product profile and line of activity.
- Details of various tangible as well as intangible assets held by the Companies of Companies in concern.
- Key strengths and future business prospects of the Company.



- List of shareholders from the company as on cut-off date.
- List of identified person for issue of shares under private placement.
- Such other reports that may have been prepared by other experts appointed by the management and are used / useful in the process of my valuation.
- Such other information and explanations as had been required by us and provided by the management. I have also placed reliance on the verbal explanations and information given to me by the promoters, senior executives and professionals of the company.

VALUATION DATE

The valuation has been carried out as on May 31, 2022.

VALUATION METHODOLOGY

Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will 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 separate judgment decisions. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.

The International Accounting Standard Board (IASB), which is the independent standard setting body of the IFRS foundation, has set out two internationally accepted valuation methodologies for arriving at the fair value of a share namely, the income approach and the market approach. Guidance is also available from the Valuation Standards issued by the Institute of Chartered Accountants of India (ICAI) and technical guide published by the Institute of Chartered Accountants of India on valuation standards. It prescribes the approaches for generally accepted valuation methodologies such as the Income approach and the market approach similar to the internationally accepted valuation methodologies. However, ICAI also allows for a third method which is the asset approach for arriving at the fair value of a share.

For the purpose of determining fair value, a valuer may therefore, use any of the approaches as per the generally / internationally accepted valuation methodologies which in its opinion are most appropriate based on the facts of each valuation. Reliance is placed on the case of Dr. Mrs. Renuka Datla vs. Solvay Pharmaceutical B.V. & Ors on 30 October 2003,



in which it was held that, a valuer has to give a justification for selecting or rejecting a method.

The internationally / generally accepted valuation methodologies have been discussed hereinafter, along with the reasons for choice of approach used based on the facts of VBL.

The valuation of business is an exercise which can be carried out using following approaches, to the extent applicable.

Income Approach

Market Approach

Asset Based Approach

INCOME APPROACH

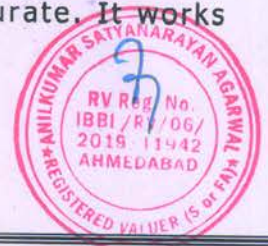
Usually under the Income Based Approach, the methods that maybe applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity Value (PECV) Method. Under DCF approach, the future free cash flows of the business are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate¹ depending on the capital structure of the company. This approach also considers the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

Under PECV method. The average earning based on past 3-5 year are first determined; adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc.

Reason for rejection of methodology adopted under the Income Approach:

Under PECV method of valuation the average earning of 5 years is adjusted for any exceptional transaction or items of non-recurring nature. After this, the normalized earnings are then capitalized at an appropriate discount rate. PECV method was not considered at the same is not suitable to value the Trading business of VBL in previous years and having inadequate track record of profits.

DCF Valuation is extremely sensitive to assumptions related to perpetual growth rate and discount rate. Any minor tweaking here and there, and the DCF Valuation will fluctuate wildly and the fair value so generated won't be accurate. It works



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best only when there is a high degree of confidence about future cash flows. While forecasting cash flows for the next few years is difficult, pushing them out perpetually (mandatory for DCF Valuation) becomes almost impossible. As such, DCF method is susceptible to error if not properly accounted for these inputs.

Therefore, it was considered not appropriate to use DCF approach to determine the fair value of the Equity share of VBL under the Income Approach.

MARKET APPROACH

Under this approach the valuation is done based on the quoted market price of the company in case it is a publicly traded company, or publicly traded comparable businesses / date is reviewed in order to identify a peer group similar to the subject company and then their multiples are applied to the entity being valued to determine the fair value.

Usually under the market-based approach, the methods that maybe applied are Market Price Method, Comparable Multiple Method (CMM), Comparable Transaction Method (CTM) or Price of Recent Investment Method (PORI). Under CMM method various multiple like EV/Sales, EV/EBITDA, P/BV, P/E, Price/Sales can be used to value a business depending upon the facts and circumstances of the cases.

Reason for rejection of methodology adopted under the Market Approach:

In the present case, for the application of the Market approach the shares of "VBL" are listed in Bombay Stock Exchange and Referring to the daily Trade history on the Bombay stock exchange portal it is noticed the company shares are not traded regularly. The frequency the company share traded, and the volume of the shares traded are negligible volume with wide gap of interval between two trades. In addition to that looking to the size and shape of the business there is no exact peer comparison. Accordingly, the Market Approach was not considered appropriate for the determination of the fair value of the Equity shares of VBL.

ASSET BASED APPROACH

Under this approach, the book value / replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company.

Usually under the assets-based approach, the methods that maybe applied are Net Book Value Method, Net Replaceable Value, Net Realizable Value.



Reason for selection of methodology adopted under the Asset Based Approach:

The company has been incorporated in 1982 and the turnover of the company is not stabilized yet and company is running into losses and hence, the business of the company cannot be projected, and it is unpredictable. Hence there is paucity of information about profits that would serve as a basis of valuing shares as the audited accounts of the company do not serve as a guide to future profits.

Assets value also provides guideline for valuation of shares of companies whose future profits are indeterminable either because of newness in business or due to business fluctuations.

Accordingly, the Net Asset Method Approach has been considered appropriate to determine the fair value of the equity shares of VBL.

CONCLUSION

In conclusion, the fair value of the equity share of the VBL is determined using only one approach, namely Asset Approach by Net Book Value Method.

VALUATION ANALYSIS

The detailed valuation analysis, is hereinafter of: -

- A. Asset Approach
 - a. Net Asset Method / Book Value

NET ASSET METHOD

Under this approach, total value is based on the sum of total assets (investment made by the company has been fair valued using the price available as on the Valuation Date) reduced by total liabilities as on valuation date. The value arrived shall be divided by the number of Shares issued to arrive at the value of each share.



CALCULATION OF FAIR VALUE

The fair market value of the company according to the Net Asset Valuation Approach is given as below:

Particulars	Value as per Unaudited Financial Statement as on 31 st May, 2022	Fair Value as on 31st May 2022
		(Amount in Rs.)
Assets		
Tangible Fixed Assets	38,421	38,421
Investments		
J.V.N.S Bank Ltd	25,010	0
Equity share Investment in wholly owned subsidiary Vivanza Lifescience Pvt Ltd	1,91,20,000	1,91,20,000
Current Assets		
Inventories	2,25,90,689	2,25,90,689
Deposits (Asset)	2,88,813	2,88,813
Loans & Advances (Asset)	4,48,18,912	4,48,18,912
Sundry Debtors	4,34,64,265	4,34,64,265
Balance with Govt.A/c Gst	2,900	2,900
Cash in hands	3,29,722	3,29,722
Duties and Taxes	2,40,946	2,40,946
Other Assets	9,95,775	9,95,775
Miscellaneous Expenditure	11,05,234	0
Deferred Tax Assets	11,123	0
Total Assets (A)	13,30,31,810	13,18,90,443
Liabilities		
Bank Loan	2,76,94,374	2,76,94,374
Unsecured Loans	3,19,26,806	3,19,26,806
Trade payables	3,70,97,829	3,70,97,829
Other Current Liabilities	2,95,077	2,95,077
Unadjust Foreing Exchange Gain/Loss	15,250	0
Total Liabilities (B)	9,70,29,336	9,70,14,086
Net Assets (A-B)	3,60,02,474	3,48,76,357
Number of Equity Shares of INR 10 each		40,00,000
Total Fair Value per Share		8.72
Face Value of Shares		10.00 per Share

As per section 53 of the company's act, 2013, the company cannot issue shares below face value i.e., at discount, thereof, shares can be issued at 10/- per share at par only and as per the applicable guidelines of SEBI (ICDR) regulation 2018.



Comments on adoption as Fair Value of the book value/realisable value of the assets and liabilities.

- a) Tangible fixed assets of the company includes lap top which have been valued at their respective written down book value.
- b) Non-current investment includes investment of 191.20 lacs by company in equity share of its wholly owned subsidiary company namely Vivanza Life sciences Pvt. Ltd. As the 100% equity share of the company are owned by VBL, being the parent company the fair value of the investment is taken as cost of Investment as the Fair value. The other investment are in the shares of JVNSK Bank is unlisted and no market value is available to us so taken Nil.
- c) Current assets are loans & advances, Sundry Debtors, Inventories and balance with Govt. Authorities, cash and cash equalients. As per the discussion with management of company and being the going concern these assets are good and realisable in nature and considered book value as fair value.
- d) The Miscellaneous Expenditure, Deferred Taxes and unadjusted foreign exchange gain/loss are deferred Revenue/expenditure the same as taken Nil.

CONCLUSION

Based on my Analysis of the Company and subject to my statement of limiting conditions as further detailed in Annexure – A of this report, the fair value per Equity shares is Rs.8.72/- of the company, however as per section 53 of the company's act, 2013, the company cannot issue shares below face value i.e., at discount, thereof, shares can be issued at par at Rs.10.00 each and as per the applicable guidelines of SEBI (ICDR) regulation 2018.

Anil Kumar Agarwal

Reg. No: IBBI/RV/06/2019/11942



Registered Valuer
(Securities or Financial Assets Class)

UDIN: 22100096ALCSAK5138

Date: 17/06/2022

Place: Ahmedabad

Statement of Limiting Conditions (Annexure – A)

This valuation is subject to the following limiting conditions:

- ✓ This report has been prepared for the purpose of determining / estimating the Fair Value per Equity share of the Company based on the international / generally accepted valuation methodologies for the purpose of issue of equity shares under private placement as per the section 42 of the companies Act read with section 62 of the Act.
- ✓ This valuation analysis is confidential and has been prepared exclusively for the management of the company. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of AA, Registered Valuer. I am aware that the conclusion in this report may be used for the purpose of certain statutory disclosure by Company and provide consent for the same.
- ✓ The valuation is based on the company's Unaudited financial statements as on 31st May, 2022 and considering the last 3 Financial Years. The Terms of my engagement were such that I was mandated to rely upon the information & projections provided to me by the client with no further due diligence on the data or on the projections was done by us. AA would not be held responsible for the achievability or authenticity of the forecasts or data.
- ✓ My work does not constitute an audit or certification of the historical financial statements including the working results of the company referred to in this report. Accordingly, I am unable to and do not express an opinion on the accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and valuation date mentioned in the report and as agreed as per term of my engagement. It may not be valid if done on behalf of any other entity.
- ✓ A valuation of this nature involves consideration of various factors including those impacting industry trends. This report is issued on the understanding that have drawn my attention to all materiel information, which they are aware of concerning the financial position of the respective company and any other matter, which may have impact on my opinion, on the fair value, including any significant changes that have taken place or are likely to take place in the financial position of the company, subsequent to last audited balance sheet. I have no responsibility to update this report for event and circumstances occurring after the date of this report.
- ✓ During the course of this assignment, I have relied upon assumptions made by the management of VBL. These assumptions require exercise of judgement and are subject to uncertainties. While I have reviewed the assumptions for reasonableness and discussed these assumptions with the management of the company, there can be no assurance that the assumptions are accurate. The assumptions may vary from actuals depending upon the occurrence or non-occurrence of significant events. The fact that I have considered the assumptions



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Registered Valuer (S of FA)

in this exercise of valuation should not be construed or taken as my being associated with or a party to such assumptions.

- ✓ The Opinion rendered in this report only represents my opinion upon information furnished by the Management and other sources and the said opinion shall be considered advisory in nature. My opinion will however not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- ✓ Although every effort has been made by us to verify and corroborate each document and to ensure that no inaccurate or misleading data, information, statement or opinion appears in this document, I wish to make it clear that the information and data appearing herein are the responsibility of the contributors. Accordingly, I do not accept any responsibility whatsoever for the consequences of any such inaccurate or misleading information or data, opinion or statement.
- ✓ The scope of work did not include any due diligence procedures. I have not conducted a site review of the subject business premises, nor have I have reviewed any of the business financials. I do not imply that it should not be construed that I have verified any of the information provided to me, or that my inquiries could have verified any matter, which a more extensive examination might disclose.
- ✓ By this report AA, the valuer is not purporting to advice the investor or investee companies on the prudence of the investment.
- ✓ Neither AA nor any of its employee undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising due to limited time and information available to me.
- ✓ AA have not undertaken responsibility to update this report for the events and circumstances occurring after the valuation date. This report is purely recommendatory in nature. Mr. Anil Kumar Agarwal's, liability if any, shall be limited to the professional fees paid to him for rendering these services.

