



# VALUATION REPORT

## VITESSE AGRO LIMITED

**VIKASH GOEL**  
REGISTERED VALUERS  
REGN NO. IBBI/RV/01/2018/10339



## VIKASH GOEL

CA, CFA, MS Finance, MBA, IIM-C  
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Board of Directors  
Vitesse Agro Limited  
322/A Madhavpura Gunj Bazar  
Ahmedabad GJ 380004 IN

**Ref: Valuation of Vitesse Agro Limited as on 18th February, 2020 for allotment of shares on preferential basis.**

We have been engaged by Vitesse Agro Limited ("Company" or "Vitesse") for the purpose of assessing fair value of equity shares as of 31st December, 2019 of the Company, a company registered under the Companies Act, 1956 and having its Registered office at 322/A, Gunj Bazar, Madhavpura, Ahmedabad – 380004 and having its Corporate office at A-105, 3rd Floor, Sector-63, Gautam Buddha Nagar, Noida – 201301, Uttar Pradesh.

The purpose of the engagement is to provide a fair valuation of the shares of Vitesse Agro Limited as per Regulations 164 and/or 165 (as applicable) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR") using latest available Unaudited financial statements subjected to Limited Review by the Auditor as on 31st December, 2019 ("Valuation Date").

Based on the information provided by the management, I, Vikash Goel, Registered Valuer (Regn no: IBBI/RV/01/2018/10339), hereby certify that I have arrived at the "Fair Value" ("Valuation" or "Value") of the Company as at 31st December, 2019. Based on our assessment, the Value of the shares of the company should be **INR 12.75 Per share**. The detailed valuation report including computation of fair value of the equity shares of the Company has been attached in subsequent pages.

Regards



**Vikash Goel**

(Regd. No.: IBBI/RV/01/2018/10339)

Date: 18th February, 2020

## Contents

Purpose .....	4
Key dates .....	5
Appointing Authority .....	6
About the Valuer .....	6
Disclosure of valuer interest or conflict.....	6
Background Information about the Company .....	7
Inspections and Investigations .....	8
Sources of Information .....	8
Caveats, limitations and disclaimers .....	9
Valuation – procedures and factors.....	11
Approach and Methodology .....	11
Valuation Conclusion.....	14

## Purpose

We have been engaged by the management of Vitesse Agro Limited for the purpose of assessing fair value of equity shares in accordance with Regulations 164 and/or 165 (as applicable) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR") using latest available Unaudited financial statements subjected to Limited Review by the Auditor as on 31st December, 2019 ("Valuation Date").

Since Regulation 164 deals with frequently traded shares and corresponding regulation 165 deals with infrequently traded shares, we have assessed them together based on the circumstances given in this case.

The relevant extract of the rules 164 and 165 are as under:

### **164. Pricing of Frequently traded shares**

*(1) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks 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:*

*the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or*

*the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

*(2) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of less than twenty six weeks 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:*

*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 under sections 391 to 394 of the Companies Act, 1956 or sections 230 to 234 the Companies Act, 2013, as applicable, pursuant to which the equity shares of the issuer were listed, as the case may be; or*

*the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on the recognised stock exchange during the period the equity shares have been listed preceding the relevant date; or*

*the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

*(3) Where the price of the equity shares is determined in terms of sub-regulation (2), such price shall be recomputed by the issuer on completion of twenty six weeks from the date of listing on a recognised stock exchange with reference to the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on the recognised stock exchange during these twenty six weeks and if such recomputed price is higher than the price paid on allotment, the difference shall be paid by the allottees to the issuer.*

*(4) A preferential issue of specified securities to qualified institutional buyers, not exceeding five in number, shall be made at a price not less than the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

*(5) For the purpose of this Chapter, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:*

*Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.*

*Explanation: For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding twenty six weeks prior to the relevant date.*

#### **165. Pricing of Infrequently traded shares**

*Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:*

*Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.*

## Key dates

**Appointment Date:** We have been appointed by the management vide letter dated 14th February, 2020.

**Valuation Date:** The valuation exercise has been performed based on the information available to us as of 31st December, 2019. The value of the company should be considered to the value as on this date.

**Report Date:** Our valuation report has been submitted as of 18th February, 2020.



## Appointing Authority

I, Vikash Goel, Registered Valuer with IBBI (Regn Number IBBI/RV/01/2018/10339) have been appointed by the Management to value the company. This appointment is based under rules prescribed by The Companies Act, 2013.

## About the Valuer



Vikash Goel (the “Valuer”), is Registered Valuer having Registration No. IBBI/RV/01/2018/10339. The Valuer is registered with the Insolvency and Bankruptcy Board of India to undertake the Valuation of Securities and Financial Assets of the Companies.

Vikash is a Chartered Accountant (Fellow member of ICAI), CFA (ICFAI) and holds MS Finance and MBA in HR. He is also an alumnus of St Xavier’s College, Kolkata and hails from Indian Institute of Management Calcutta (IIM-C). Vikash has extensive experience of over 11 years spanning across Industry and Consulting and has worked with companies like PwC, EY, ICA and Zacks Research in India and Canada.

Vikash has conducted valuation across a variety of spectrum including but not limited to Angel fund raising, Private equity exit, Private Placement, Valuation of shares under Income Tax, Investment advisory around valuation of shares, mutual funds, hedge funds and derivatives and has been exposed to global valuation and business modelling practices for companies.

### **Education:**

CA | CFA [ICFAI] | MS Finance | MBA (HRM) | B.Com (Hons) | Certificate in Instructional Design [USA] | Certificate in Financial Modelling [NSE - 2008] | PGPFBM [IIM-C]

## Disclosure of valuer interest or conflict

We hereby certify that the valuer(s) is/are suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the company (including the parties with whom the company is dealing, including the lender or selling agent, if any). The valuer(s) accept instructions to value the company only from the appointing authority or eligible instructing party.

We have no present or planned future interest in the company or its group companies, if any and the fee payable for this valuation is not contingent upon the value of shares reported herein.

## Background Information about the Company

### VITESSE AGRO LIMITED

<b>CIN</b>	<b>L01200GJ1980PLC093159</b>
<b>Date of Incorporation</b>	26-06-1980
<b>Registered Address</b>	322/A Madhavpura Gunj Bazar Ahmedabad GJ 380004 IN
<b>Listing status</b>	Listed Listing Date: 28-Dec-17 ISIN: INE550U01014 BSE: VITESSE   540823
<b>Directors</b>	Rajni Gupta [PAN AKRPG5960G] Roop Kishore Gola [DIN 02456413] Avadhesh Kumar Gola [DIN 03551615] Pankaj Kumar Jha [DIN 08026198] Rishi Rai [DIN 08102755] Sumita [DIN 08430851] Archana Thakur [PAN ANJPT0151H]
<b>Authorised Share Capital</b>	INR 10,00,00,000
<b>Paid up Share Capital</b>	INR 4,77,84,560

Vitesse Agro Limited, a company registered under the erstwhile Companies Act, 1956 and having its registered office at 322/A, Madhavpura Gunj Bazar, Madhavpura, Ahmedabad, Gujarat, 380004, It is a public limited company listed with the BSE Limited (BSE) & Calcutta Stock Exchange.

The Company was incorporated on 26th June, 1980 as a Public Limited Company under the Companies Act, 1956 in the state of West Bengal.

The Present objects of the Company as per Memorandum of Association are:

"To undertake commercial agriculture activities including raising of crops and to produce, manufacture and process all type of agro based products and to acquire lands for the purpose of carrying on agricultural and related farming activities only and to deal in trading, export, import such agricultural products including food grains, cereals, seeds, plants, flowers, vegetables, fruits, vegetable and edible oils, nuts, spices, spice oils, extracts, essential oils, oleo-resins, timber, scents, aromatics, fragrances, grass, seaweeds leaves or to deal in any kind of crops, plants, seed, fruits, vegetables, timber, grass, leaves and any other foods, arid food related items or any other produce and by products and to carry on the business as producers, processors, importers, exporters or in collaboration with others the business of horticulture, poultry and dairy farming and deal in all kind of poultry, dairy milk products, aquaculture, green house, meat, fish, eggs and any other farm products."

## Inspections and Investigations

The Valuation of the Company is being done as on the Valuation Date considering the historical audited financial statements, available Unaudited financial statements subjected to Limited Review by the Auditor as on 31st December, 2019 and documents produced before us for the purpose of ascertaining the fair value of equity shares of the Company.

We have relied on accuracy and completeness of all the information and explanations provided by the management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have received representations from the management and have accordingly assessed the fair value of the company. We believe that given the nature of the valuation and the underlying reports made available to us, it is plausible to carry out such valuation.

## Sources of Information

In the course of performing the valuation, we have relied on the following sources:

- Brief received from the management about the company's background.
- Audited financial statements for the financial years 2016-17, 2017-18 and for 2018-19 available Unaudited financial statements subjected to Limited Review by the Auditor as on 31st December, 2019. Management certified provisional financial statements and projections from the management.
- Verbal information and discussions with the management.
- Details of state of affairs as represented by the management as on the valuation date.
- We have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- Market / industry information.

We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.





## Caveats, limitations and disclaimers

- **Specific Purpose:** Valuation analysis and its results are specific to the purpose of valuation as mentioned in the section “Purpose”. It may not be relevant for any other purpose or entity. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without our prior written consent.
- **No audit or certification:** Our work does not constitute an audit or certification of financial statements. We cannot and do not express an opinion on the accuracy of any financial information referred to in this report. We have relied on the assumptions made by the management of the company. These assumptions require exercise of judgement and are subject to uncertainties.
- **Valuation date:** The valuation of the Company contained herein is not intended to represent at any time other than the date that is specifically stated in this report. We have no responsibility to update this report for events and circumstances occurring after the valuation date.
- **Reliance on information provided:** We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company. In the course of the valuation exercise, we have obtained both oral and written data, including market, technical, operational and financial information. We have evaluated such information through a broad comparative analysis and enquiry.
- **Actual results may differ:** The assumptions used in the preparation of this report, as we have been explained, are based on the management’s present expectation of both – the most likely set of future business events and the management’s course of action related to them. Wherever we have not received detailed information from the management, we have used our assessment of value based on experiences and circumstances of the case. It is usually the case that some events and circumstances do not occur as expected or are not anticipated.
- **Questions or appearances:** Our engagement is limited to preparing the report to be submitted to the management. We shall not be liable to provide any evidence for any matters stated in the report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.
- **Complete report:** This report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.

- **Fees:** The fee for our valuation analysis and the Report is not contingent upon the results reported.
- **Disclaimer of liability:** Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report.
- **Our Accountability:** We owe responsibility to only the management that has retained us and nobody else. We do not accept any liability to any third party – including the shareholders of the company - in relation to this valuation report. In any case, our liability to the management or any third party is limited to be not more than 50% of the amount of the fee received by us for this engagement.



## Valuation – procedures and factors

The valuation exercise is aimed at the assessment of the Fair Value of the company. We are required to arrive at the above valuations based on internationally accepted valuation practices.

As per **RICS appraisal Manual**, the **Fair Value (FV)** is defined as *‘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 measurement date.’*

**Ind AS (113)** as well as **IFRS 13** defines fair value as *“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 measurement date.”*

## Approach and Methodology

Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significant depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

We may use techniques such as Net Asset Value Method, Price-Earnings Multiple Method, EV/EBITA Multiple Method, Discounted Cash Flow Method among others to value. The choice of valuation approach depends on the purpose of valuation and various other business specific and industry specific factors. In some cases, a single valuation technique will be appropriate, whereas in others multiple valuation techniques will be appropriate.

We have partially followed the operating guidelines for valuation of business issued by the Ministry of Finance, Department of Economic Affairs vide File No. S 11(21) CCI (11)/90, dated 13-7-1990. The valuation guidelines issued by the erstwhile CCI recommend 3 principle methodologies for valuation of companies, viz.:

- Market Price method
- Net Asset Value method
- Profit Earning Capacity method

### **Market Price Method**

Under this method, the business is valued based on the price quoted at recognized stock exchanges. However, in the instant case this method also becomes redundant in view of the fact that the shares of Vitesse Agro Limited have not been traded in the recognized stock exchange for past 12-months by more than 10%. Hence the trading of the shares at BSE was infrequently traded shares. Pursuant to newly inserted regulation 164 and of the SEBI ICDR Regulations,

2018 we consider the shares for valuation of this proposed preferential allotment of shares as infrequently traded shares.

Market price is NIL since there has been no trading in the past months

**Net Asset Value (“NAV”) Method:**

In the net asset value method, net asset value is computed based on the latest available audited balance sheet. The genesis of this method of valuation lies in the total assets that the company owns. Loan funds are deducted. The diminution, if any, in the value of assets, not reflected in the accounts is deducted. Contingent liabilities, to the extent that they impair the net worth of the company, are also deducted. The resultant figure represents the net worth of the company on the given day.

Considering this fact, the net asset value of Vitesse Agro Limited is tabulated as follows:

<b>Calculation of Net Asset Value</b>	
<b>Particulars</b>	<b>Amount in INR</b>
<b>A. Equity Share Capital*</b>	4,51,84,560
Add:	
<b>B. Reserve &amp; Surplus</b>	1,24,25,896
<b>C. NET ASSET VALUE (A + B)</b>	<b>5,76,10,560</b>
No. of Equity Shares (Face Value @ 10)	45,18,456
<b>Value Per Equity Share (Rs.)</b>	<b>12.75</b>
<p>*Note: Preference Share Capital of 2,60,000 shares has not been considered in the above calculation since it is considered to be a quasi Debt. Based on the representations received by the management, Preference Shares are not expected to be converted into Equity in the near future.</p>	

### Profit Earning Capacity Value Method

The Profit Earning Capacity Value Method (PECV method) focusses on past income generated by the company as well as future earning capability of the entity. The PECV method requires the determination of parameters (such as future maintainable profit, appropriate income tax rate and expected rate of return or the capitalization rate), which are relevant for the company whose shares are being valued.

Under this method we have considered three accounting periods Profit/Loss for the financial years ended 2016-17, 2017-18 and 2018-19 and for the period ended 31st December, 2019. We have used the capitalization rate of 20%.

<b>Profit Earning Capacity Value (PECV)</b>				
<b>Calculation of Weighted Average Value per Share</b>				
<b>Particulars</b>	<b>Weight</b>	<b>PAT</b>	<b>PAT x Weight</b>	<b>Average PAT</b>
FY 2016-17	1.00	3,70,318	3,70,318	
FY 2017-18	2.00	1,60,758	3,21,516	
FY 2018-19	3.00	27,596	82,788	
FY 2019-20 (Till 31-Dec-2019)	3.75	44,38,000	1,66,42,500	
<b>Weighted Average PAT</b>	<b>9.75</b>		<b>1,74,17,122</b>	<b>17,86,371</b>
Capitalisation Rate				20%
<b>Capitalised Equity Value</b>				<b>89,31,857</b>
Number of Equity Shares				45,18,456
<b>Value Per Equity Share (Rs.)</b>				<b>1.98</b>

## Valuation Conclusion

These valuation conclusions must be read along with accompanying assumptions, caveats, limits and disclaimers mentioned elsewhere in this report.

As per our assessment, the Fair the value of the company as per three approaches is as follows:

<b>Value per share as per Market Value Method</b>	<b>INR 0.00</b>
<b>Value per share as per Profit Earning Capacity Value (PECV) Method</b>	<b>INR 1.98</b>
<b>Value per share as per Net Asset Value Method</b>	<b>INR 12.75</b>

The fair value of the equity share of a company is normally determined on the basis of the average of the values determined by the NAV, PECV, and Market Price methods. In the instant case, since as per the PECV method the value per share is negligible and market price method is redundant, we believe that the value arrived on the basis of Net Asset Value is most representative of the fair value of the shares of the company. Accordingly, the fair value of the equity shares is arrived at on the basis of the NAV method.

Based on the above workings, the calculation of the fair value of the share of Vitesse Agro Limited is as under:

In accordance with regulation 165 of the SEBI ICDR Regulations 2018, for the purpose of preferential allotment of shares of Face value Rs.10 each, **the Fair Value of the Equity shares comes to Rs.12.75 per equity share.**

**--- End of Report ---**