B J DUPLEX BOARDS LIMITED

VALUATION REPORT

Prepared By:

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REGISTERED VALUER

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1 Executive Summary

The valuation is carried out by CA Ankit Chhabra, a Registered Valuer vide reg. no. IBBI/RV/11/2020/13204, registered under section 247 of Companies Act, 2013 to determine the fair value of equity shares of B J Duplex Boards Limited (hereinafter referred to as "BJDBL" or "Company" or "Management"). The valuation has been conducted for the proposed issue of equity shares of BJDBL under Regulation 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. The valuation analysis and results are specific to valuation date i.e. 30th September, 2024.

2 Background of B J Duplex Boards Limited

BJ Duplex Boards Limited is manufacturer of and dealers in paper of all kinds and articles from paper or pulp and materials used in manufacture or treatment of paper including packing goods and materials such as bags, cartons, containers and boxes whether made of paper, plastic or any other materials.

Currently, company has no operations.

(Source: Management Information)

3 Purpose of Valuation

The valuation has been conducted pursuant to the requirements of Regulation 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, for the purpose issue of equity shares of BJDBL.

Further, the Articles of Association of the Company also asks for obtaining Valuation in case of any Reconstruction.

4 Scope of Work

4.1 Scope of Work

- Registered Valuer has been appointed by management of B J Duplex Boards Limited to issue a report on the fair valuation of equity shares for the proposed issue of equity shares.

- We understand that the purpose of the said report is to determine the fair value of equity shares for the proposed aforementioned transaction, as on valuation date 30th September, 2024 by a Registered Valuer as per requirements under the Regulation 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

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4.1.1 Appointment Date, Valuation Date & Report Date

Management of BJDBL has appointed Ankit Chhabra (Registered Valuer) on 10th February, 2025. The analysis of the fair value of equity shares proposed to be issued has been carried out on the valuation date i.e., 30th September, 2024. The valuation report is issued on 20th February 2025.

5 Information Sources

Our expression of the opinion on the fair value of the equity shares is supported by all procedures that we deem to be relevant. We have obtained sufficient information and relied on the data, facts, information, documents, and explanations as available on the public domain.

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6 Valuation Approach

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.

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

I, CA Ankit Chhabra is a member of "Divya Jyoti Foundation", Registered Valuers Organization (RVO) registered with IBBI vide IBBI/RVO/2018/011. RVO has not prescribed its own Valuation Standards, hence the valuer is following International Valuation Standards prescribed by International Valuation Standards Council.

The IVS 103 "Valuation Approaches and Methods" recognizes following three main approaches:

(a) Income approach
(b) Market approach
(c) Cost approach

A brief explanation of each valuation approach is provided below.

Income Approach

The income approach provides an estimate of the present value of the monetary benefits expected to flow to the owners of the business. It requires the projection of the cash flows that the business is expected to generate. These cash flows are then converted to their present value by means of discounting, using a rate of return that accounts for the time value of money and the appropriate degree of risk in the investment. The value of the business is the sum of the discounted cash flows.

Market Approach

The market approach considers actual arm's-length transactions for which the market value of investments alternative to the subject company can be observed. The value of a company or an ownership interest in the company can be estimated by developing relevant multiples for the comparative companies that relate value to underlying revenue, earnings, or cash flow variable, and then applying these multiples to the comparable underlying revenue, earnings, or cash flow variable for the subject company. The value multiples can be derived from guideline public company and guideline transactions of the publicly traded company or private companies.

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Cost (Asset-Based) Approach

The asset-based (net underlying assets) approach is a form of the cost approach. The values of the individual assets (i.e., current, fixed, and intangible) of the business are estimated. The sum of the individual asset values represents the total asset value of the enterprise. The enterprise's liabilities related to working capital are deducted to arrive at an indication of value for the invested capital of the business. Because the cost approach does not always reflect the full value of intangible assets, it is often not appropriate to value an operating business completely on the basis of this approach without giving weight to other valuation methods. Cost approach may be relevant to the value of an operating business that is not sufficiently profitable and whose "breakup" values may be greater than its going concern value.

Valuation Methodology

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. Different methodologies are adopted for the valuation of manufacturing, investment, consultancy and trading companies.

Though there are no thumb rules for valuation, the method to be adopted has to be appropriate to the particular purpose for which valuation is being done as well as the attendant circumstances of each case. For example, a manufacturing company is generally valued on the combination of asset value and the earning potential of the business. An investment company is valued on the basis of the fair value of underlying assets.

However, the value is specific to the point in time and may change with the passage of time. The value is derived in the context of an existing environment that includes economic conditions, state of industry/market and state of business activities of companies being valued etc. as on the appointed date of valuation. The basis of valuation would depend upon the purpose of valuation, the type of business, the future prospects and other attendant circumstances.

Discounted Cash Flow Method (DCF) – Income Approach

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in the case of assets with an indefinite life. The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc. This method involves discounting future cash flows expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value. The important inputs for the DCF method are (a) Cash flows; (b) Discount rate; and (c) Terminal value.

The following are the cash flows which are used for the projections:

(a) Free Cash Flows to Firm (FCFF): FCFF refers to cash flows that are available to all the providers of capital, i.e., equity shareholders, preference shareholders and lenders. Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund-raising are not considered in the calculation of FCFF.

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(b) Free Cash Flows to Equity (FCFE): FCFE refers to cash flows available to equity shareholders and therefore, cash flows after interest, dividend to preference shareholders, principal repayment and additional funds raised from lenders/preference shareholders are considered.

Appropriate Discount Rate – The discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In discounting the FCFF the appropriate discount rate is the weighted average cost of capital, which results in the enterprise value of the Company. Whereas, in the case of FCFE the appropriate discount rate is the cost of equity, which results in the equity value of the Company.

Terminal value – It represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life. There are different methods for estimating the terminal value. The commonly used methods are:

(a) Gordon (Constant) Growth Model;

(b) Variable Growth Model;

(c) Exit Multiple;

Profit Earning Capacity (PECV) Method – Income Approach

In certain transactions and circumstances, other income approach methods like Profit Earning Capacity (PECV) Method can also be applied. PECV method focuses on the future earning capability of the business enterprise, based on the past income generated by the Company. The PECV Method requires the determination of parameters like, future maintainable profit, appropriate income tax rate, expected rate of returns etc. the value is determined by capitalizing the future maintainable profits.

Comparable Company Multiple Method (CCM) – Market Approach

This method involves reviewing valuation multiples for companies that are in the same or similar line of business as the company being valued and then applying the relevant valuation multiples to the subject company to determine its value. The theory behind this approach is that valuation measures of similar companies, as manifested through stock market valuations of listed comparable companies, should represent a good proxy for the specific company being valued. Depending on the source of data available and the underlying company being valued, a variety of valuation measures might be used including Enterprise Value (EV) to Sales, EV to EBITDA, Price to Earnings, etc.

Comparable Transaction Multiple Method (CTM) – Market Approach

This method involves reviewing transaction multiples for companies that are in the same or similar line of business as the company being valued and then applying the relevant transaction multiples to the subject company to determine its value. The transaction multiples are determined for the comparable transactions for which financial details are available in the public domain. The theory behind this approach is that valuation measures of similar companies, as manifest through market transactions (i.e., acquisition or equity funding), should represent a good proxy for the specific company being valued. Depending on the source of data available and the underlying company being valued, a variety of valuation measures might be used including Enterprise Value (EV) to Sales, EV to EBITDA, Price to Earnings, etc.

Net Assets Value Method – Cost (Asset-Based) Approach

The net asset value method is an asset-based approach to valuation where the value of the business is based on the difference between the fair market value of the assets and liabilities of the business. This method is a sound method for estimating the value of a non-operating business, such as real estate holding company, or a business that is continuing to generate losses, or which is expected to be liquidated.

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7 Valuation Methodology Adopted for BJDBL

As per the Regulation 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, where the shares 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.

As per the SEBI Regulations, "Frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares.: BJDBL is listed on Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) and the shares are infrequently traded.

In terms of Regulation 166A read with Regulation 164 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended from time to time ('SEBI (ICDR) Regulations'), a preferential issue, which may result in a change in control or allotment of more than 5 % of the post issue fully diluted share capital of an issuer, to an allottee or to allottees acting in concert, shall, besides the market price, requires valuation from an independent registered valuer and should be considered for determining the issue price. Additionally, the proposed preferential issue would result in change in control which requires an appropriate control premium to be added to determine the fair value of the equity shares or the floor price for the proposed transaction.

Asset Approach

The net asset value method is an asset-based approach to valuation where the value of the business is based on the difference between the fair market value of the assets and liabilities of the business. This method is a sound method for estimating the value of a non-operating business, such as real estate holding company, or a business that is continuing to generate losses, or which is expected to be liquidated. Keeping in consideration that BJDBL is currently not in operations, we have considered this method as an appropriate method for BJDBL. We have given 95% weightage to this method while arriving at fair value.

Market Approach

Market Price- As the company is listed on recognized stock exchange, we have considered Market closing price on BSE preceding to the relevant date but as the BJDBL's shares are infrequently traded on stock exchange; also, the company is not in any operations, we have given 5% weightage to this method while arriving at fair value.

Comparable Trading Multiples- As the BJDBL is currently not having any operations; hence this method is not appropriate to calculate the fair value of the BJDBL.

Income Approach

As the BJDBL is currently not having any operations; hence this method is not appropriate to calculate the fair value of the BJDBL.

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8 Valuation of B J Duplex Boards Limited

(Value per Share in INR)

Particulars	Weight	Value per Share
Cost Approach*	95%	0.00
Income Approach	0%	-
Market Approach**	5%	15.47
Fair Value per Share		**0.77**
Add: Control Premium @5%		**0.04**
Concluded Fair Value per share after Control Premium		**0.81**

Note:

**** As the NAV of the company is negative, it has been mentioned as Nil.***

*****As the shares of the company are infrequently traded and also traded less than 5%, therefore, only 5% weightage is given to Market Approach.***

Thus, the fair value of BJDBL is estimated by following Net Assets Value Method under Asset Approach.

Note: In accordance with Regulation 166A, the valuation of the company's shares has been conducted using the cost approach and Market approach. Since, the proposed transaction results in a change of control, i.e. the proposed allottee will gain joint control, a control premium of amount 5% is applied.

9 Conclusion

Based on our study and analytical review procedures, and subject to the limitations expressed within this report, our opinion of the fair value per equity shares of B J Duplex Boards Limited on a going-concern and fully diluted basis, based on financials as on **the relevant date** is **INR 0.81.**

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Annexure-I

Cost Approach-NAV Method

B J Duplex Boards Limited		
Equity Valuation as on 30.09.2024		
Particulars		**Amount (INR in Lakhs)**
Non Current Assets		-
Property Plant and Equipments	-	
Financial Assets		
(i) Investments	-	
Other Non Current Assets	-	
Current Assets		**0.38**
Cash and Cash Equivalents	0.11	
Financial Assets		
(i) Investments	-	
(ii) Loans	-	
(iii) Other Financial Assets	-	
Other Current Assets	0.27	
Total Assets (A)		**0.38**
Non-Current Liabilities		-
Financial Liabilities		
Deferred Tax Liabilities (Net)		
Current Liabilities		**161.29**
Short Term Borrowings	123.78	
Trade Payables		
Financial Liabilities	25.69	
Other Current Liabilities	11.82	
Total Liabilities (B)		**161.29**
Net Assets Value (C= (A-B))		**(160.91)**
No. of Equity shares (D)		49,28,500
Value Per Share (C/D)		**(3.26)**

Note:

- For applying NAV method, we have used financials as on the 30th September, 2024 (latest available financials).

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10 Caveats, Limitations, and Disclaimers

i. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

ii. The report is prepared from information provided by management of the company and other information received by other publicly sourced documents believed to be true and reliable. Our scope of work includes reasonable verification of arithmetical accuracy of data submitted by management and we have relied upon information provided by the management

iii. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the company.

iv. The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction. Accordingly, our valuation conclusion 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. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price.

v. An analysis of such nature is necessarily based on the prevailing market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

vi. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.

vii. In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

viii. No inquiry into the Company's claim to the title of assets or property has been made for this valuation. With regard to the Company's claim to the title of assets or property, we have relied solely on representations, whether verbal or otherwise made by the Management to us for this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed the Company's claim to such rights, title, or interest as valid for this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title, or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to the legal validity of any such claims.

ix. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

x. We do not make any representations or warranties expressed or implied, regarding the achievability of forecasts of and other information as provided by the Management. We also do not vouch for the efficacy of the forecast and its achievability as provided to us by the Management.

xi. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. We are not responsible to any other user of the report for any decision of such user based on this report. Any user intending to provide finance / invest in the shares/business of the company and/or the client, its subsidiaries, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

xii. We have relied on the information available on the public domain for issuance of the valuation report.

Yours Faithfully,

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COP No: DJF/RVO/025/SFA
Date: 20th February 2025
Place: Faridabad
UDIN: 25523505BMMJDE2390