

VALUATION REPORT

on

Equity Shares for Preferential Allotment

MADHUVVEER COM 18 NETWORK LIMITED

Nikunj Kanodia

Registered Valuer – Securities & Financial Assets

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Valuation Analysis

We refer to our Engagement dated 17th April, 2023 as Independent Valuers of **MADHUVVEER COM 18 NETWORK LIMITED** (the “Company”). In the following paragraphs, we have summarized our valuation Analysis (the “Analysis”) of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

1 Context and Purpose

Based on discussion with the management, we understand that the Company’s management are evaluating the possibility of preferential allotment of equity shares. In the context of these proposed transactions, the management requires our assistance in determining the **Value of Equity Shares** of the Company as per Chapter V the SEBI (ICDR) Regulations 2018, Companies Act 2013 and others acts, rules and regulations relevant for the said issue.

Proposed Transaction:

During the financial year 2023-24, Company is evaluating the possibility of preferential allotment of equity shares. In this context, the management of **MADHUVVEER COM 18 NETWORK LIMITED** (the “Management”) has requested us to estimate the value of the Equity Shares. - “Proposed Transaction”.

2 Conditions and major assumptions

Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the financial statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised. Any financial projection e.g. projected balance sheet, projected profit & loss account, projected cash flow statements as presented in this report are included solely to assist in the development of the value conclusion. The actual results may vary from the projections given, and the variations may be material, which may change the overall value.



This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to require to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company.

We have been informed by the management that there are no Significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3 Background of the Company

MADHUVVEER COM 18 NETWORK LIMITED (“MCNL”) is a listed Public company limited by shares incorporated on 7th June 1995 having CIN: L74110MH1985PLC285384 and

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having Registered Office Address at 812, Anand Mangal – 3, Opp Core House, Near Hirabag, Near Rajnagar Club, Ambavadi, Ahmedabad - 380015. It is classified as Non-government/ company and is registered at Registrar of Companies, Mumbai. Its authorized share capital is Rs. 12,00,00,000 and its paid-up capital is Rs. 9,48,07,000. The company is listed with BSE since 8th August, 1996.

The company is in the business of film production, distribution and exhibition.

Directors and Key Managerial Persons

DIN/PAN	Name	Designation
01609325	Jitendra Somchand Shah	Non-Executive Director
07108562	Manorama Jitendra Shah	Independent Director
08730286	Dipankar Bhuvneshwar Mahto	Independent Director
08987295	Kalpan Jashminkumar Sheth	Director
BWZPB2618D	Punitkumar Javaharlal Bhavsar	Chairman, Director and CFO
CCPPR7114F	Divya Rathi	Company Secretary and Compliance Officer

4 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

5 Valuation Date

The Analysis of the Value of Equity shares of the **MADHUVVEER COM 18 NETWORK LIMITED** of the Company has been carried out as on close of trading hours of 25th April 2023.

6 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by RVO Estate Managers and Appraisers Foundation Registered Valuers' Organisation.

7 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.



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Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

The Analysis is based on a review of the business plan of the Company provided by the Management and information relating to sector as available in the public domain. Specifically, the sources of information include:

- Trading Data of the company from the BSE Website.
- Public Information available from BSE Website and other public domains.
- Details of Shareholding and numbers of fully diluted Equity Shares as on valuation date;
- Discussions with the Management / representative of the Company;
- All Company specific information were sourced from the management of the Company, either in the written hard copy or digital form;
- Other information / data available in public domain.

In addition to the above, we have also obtained such other information and explanations from the Company as were considered relevant for the purpose of the valuation. It may be mentioned that the Management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

For the purpose of our calculation in this engagement, we have based our calculation as prescribed by SEBI (ICDR) Regulations, 2018.



As per Regulation 164(5) of SEBI (ICDR) Regulations, 2018:

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 240 trading days 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 90 trading days prior to the relevant date.

As per 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 independent registered valuer to the stock exchange where the equity shares of the issuer are listed.

MADHUVVEER COM 18 NETWORK LIMITED is listed since 8th August, 1996 i.e. more than 90 trading days as on the relevant date.

Also, the total traded turnover on BSE during the 240 trading days preceding the relevant date is less than 10% of the total number of shares of such class of the target company. Hence, infrequently traded shares and valuation is arrived as per Regulation 165 of the SEBI ICDR Regulations 2018.

8 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and

information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.

The report is based on the financial projections provided to us by the Management of the company and thus the responsibility for forecasts and the assumptions on which they are based is solely that of the Management of the Company and we do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgement. Similarly, we have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically stated in this Report. This report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which have an impact on our report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

9 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **MADHUVVEER COM 18 NETWORK LIMITED** for their use and purpose. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole

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or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared with the investor / buyers of the Company / submission to government authorities and regulators towards statutory compliances.

10 Opinion on Value of Equity Shares:

Based on our valuation exercise, the **minimum issue price** of the equity shares **as at the close of trading hours of the date preceding the relevant date (25th April 2023) i.e. 26th April 2023** as per Regulation 165 is **INR 9.20** per share.

We trust the above report meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully




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(Reg No: IBBI/RV/01/2020/13470)

April 26, 2023
Mumbai

11 Annexures

PRICE PER SHARE AS PER	INR	WEIGHT	WEIGHT X PRICE
Net Asset Value Method	7.44	3	22.31
WAP as at 25th April 2023 closing	16.41	2	32.82
Comparable Mutliples Method (P/E)	0.09	1	0.09
TOTAL		6	55.23
AVERAGE PRICE PER SHARE			9.20

Comparable Mutliples Method (P/E)

<u>PEER COMPANIES AVERAGE P/E RATIO</u>	
Name of the Company	P/E Ratio
MUKTAARTS (MUKTA ARTS LIMITED)	5.54
PANORAMA (PANORAMA STUDIOS INTERNATIONAL LIMITED)	6.50
TIPSFILMS (TIPS FILMS LIMITED)	11.59
AVERAGE P/E	7.88
<u>VALUE AS PER P/E MULTIPLE</u>	
(A) Diluted Earnings Per Share - Consolidated - 31st March 2023	0.012
(B) Annualised Earnings Per Share - [A*12/12]	0.012
(C) Average P/E Ratio of Peer Companies	7.88
(D) Price per Share [B * C]	0.09



Net Asset Value Method

Particulars	Amount INR in Lakhs
ASSETS	
NON-CURRENT ASSETS	
Property, Plant and Equipment	30.86
Loans & Advances	-
Investments	94.43
Other Non-Current Assets	0.55
CURRENT ASSETS	
Inventories	-
Loans & Advances	554.49
Trade Receivables	7.27
Cash and Cash Equivalents	20.34
Other Current Assets	0.12
(A) TOTAL FAIR VALUE OF ASSETS	708.05
LIABILITIES	
NON-CURRENT LIABILITIES	
Borrowings	-
Deferred Tax Liabilities	1.39
Other Long Term Liabilities	-
CURRENT LIABILITIES	
Trade Payables	0.32
Provisions	1.12
Other Current Liabilities	0.04
(B) TOTAL FAIR VALUE OF LIABILITIES	2.87
(C) NET ASSET VALUE [A-B]	705.18
(D) Nos. of Fully Paid-up Equity Shares	94.81
(E) NAV Per Share [C / D]	7.44

