

KESAVA SREENIVASULU CHEKKA

REGISTERED VALUER (SECURITIES OR FINANCIAL ASSETS)

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VALUATION REPORT

VARIMAN GLOBAL ENTERPRISES LIMITED

UDIN: 24214936BKCSQT8103

CA. KESAVA SREENIVASULU, B.COM., FCA, CERT.FAFD,
REGD. VALUER: IBBI/RV/05/2019/10954

FEBRUARY-2024



Kesava Sreenivasulu Chekka,
Registered Valuer - Securities
or Financial Assets,
Member Ship # IBBI/RV/11/2021/14345,
COP # DJF / RVO / 096 / SFA

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I. Introduction

The objective of this exercise is to estimate the Fair Market Value of the equity shares of Company Variman Global Enterprises Ltd (for brevity 'VGEL') as of 31st December, 2023 for the purpose of allotment of shares of the company as per Companies Act, 2013.

II. Scope & Purpose

Valuers have been requested by the Company for determining the Fair market value of equity shares for the purpose of allotment of shares of the company.

The standard of value used in our valuation of the "Company" is Fair Market Value. Fair Market Value is the price, in 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.

Our opinion of Fair Market Value relies on a "value in use" or going concern premise. This premise assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder's value.

Our analysis considers those facts and circumstances present at the Company at the Valuation Date. Our opinion would most likely be different if another Valuation Date was used.

We have carried out a relative valuation of the equity shares of Variman Global Enterprises Ltd (VGEL) with a view to arrive at value for the purpose of preference share allotment of shares of the company.

To arrive at our conclusion of Fair Market Value, we used Net Asset Value, Discounted Cash flow & Market Price Method.



II. Disclosure of Interest

I, CA Kesava Sreenivasulu or relatives are not related to any of the above company and do not have any interest in the companies.

III. Details of Appointment

We have been appointed by the board of directors vide letter dated 02-02-2024 to carry out the valuation process for determination of fair price of equity share.

IV. Valuation Standards

There are a large number of factors to consider when estimating the common stock value of any business entity. These factors vary for each valuation depending on the unique circumstances of the business enterprise and general economic conditions that exist at the effective date of the valuation.

In the valuation of the stock of closely held businesses, the following factors, although not all inclusive, are fundamental and require careful consideration in each case:

- a. The nature of the business and the history of the enterprise from its inception.
- b. The economic outlook in general and the condition and outlook of the specific industry in particular.
- c. The book value of the stock and the financial condition of the business.
- d. The earning capacity of the company.
- e. The dividend-paying capacity.
- f. Whether or not the enterprise has goodwill or other intangible value.
- g. The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over the counter.



Based on circumstances unique to the Company additional factors have been considered.

The techniques are commonly divided into general approaches, i.e., the Asset, Income, Market and Other approaches. Specific methods are then used to estimate the value of the total business entity under each approach.

Further, application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values can be arrived at for different purposes, it cannot be too strongly emphasized that a Valuer can only arrive at one value for one purpose.

Our conclusion of Fair Market Value is determined based on the results of Market Price Method and the specific circumstances surrounding the interest being valued.

V. Introduction & Background (VGEL):

Variman Global Enterprises Limited is a Public Limited Company incorporated on 20th December 1993. It is classified as Non-govt company and is registered at Registrar of Companies, Hyderabad. Its authorized share capital is Rs. 22,00,00,000 and its paid-up capital is Rs. 19,45,81,000.

Variman Global Enterprises Limited's Corporate Identification Number is (CIN) L67120TG1993PLC016767, Email address: infospringfieldssec@gmail.com and its registered address is at 1-2-217/10, 3rd & 4th Floor Gagan Mahal, Domalguda, Hyderabad, Hyderabad, Telangana, India, 500029

The company is in the business of IT Infrastructure Solutions, FMCG & IT Distribution and HP Managed Print Services. Managed by seasoned professionals with more than 25 years of experience in Sales, distribution and Customer support in various businesses and achieving customer delight through world class support policy. 25 years of excellence and much more, Variman Global Enterprises Ltd. is the distribution giant that creates opportunities for enterprise advancement for its channel partners through aggressive market development and continuous improvement through agility. Our powerful advantages with our services across



Telangana lets our 800+ online & offline retailers, resellers and system integrators enjoy doing business at ease.

Variman Global Enterprises Ltd. acts as a strategic link between vendors and partners, by making them ready for unprecedented levels of business performance by catering to SOHO, SMB, Mid-size, Large Enterprises and Government Organizations across various industry verticals.

Vision

To be a world class technology products & services distribution company with strong values and beliefs.

Mission

To deliver superior value to our Customers, Vendors, Shareholders, Employees and Society at large.

STRATEGY

- Team Work
- Reliability & Commitment
- Sustainability
- Innovation and Excellence
- Building Strong Communities

VALUES

Variman Global Enterprises Ltd has a team of dedicated young professionals having high standards of business acumen, commitment enriched by years of experience, management expertise & ability to deliver efficiently.

Team Work

- Respecting the individual;
- Inculcating fellow feeling and team spirit across the organization; and
- Learning from one another, looking beyond one's own area of work to assist in the completion of tasks and recognizing others' performance.

Customer Loyalty

- Providing sincere and prompt customer service;
- Building customer awareness about future product and market trends;
- Maintaining the quality norms & standards; and
- Setting quality benchmarks.

Valuation date & Source of Information

The date of valuation considered is 31st December, 2023. The key presentation provided by the management for the purpose of valuation analysis. In addition to these, we have been provided the following other information for our valuation analysis.

- Financial for the year ended 31st March, 2023 and 2022
- Information on business and profile provided by the management of Variman Global Enterprises Limited.
- Other industry related information from various sources.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executive and representatives of Variman Global Enterprises Limited.

It may be mentioned that Variman Global Enterprises Limited has been provided opportunity to review the draft report (excluding our valuation analysis and recommendation) for the current job as part of our standard practice to make sure that factual inaccuracies are avoided in our report.

IX. Valuation Analysis

Valuation Methodologies:

Valuation of the enterprise or its equity shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay goodwill. This exercise may be carried out based on the generally accepted methodologies, the relative emphasis of each often varying with the factors such as:



- Specific nature of the business
- Listing and liquidity of the equity
- Economic life cycle in which the industry or the company is operating and
- Extent to which 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. In this regard, we have evaluated suitability of four commonly used approaches of valuation to determine the fair value of three companies. After arriving at the values based on appropriate methods, we have assigned weightings to these methods to determine the fair value for the three divisions.

1) Net Assets Method (NAV):

The value arrived at under this approach is based on the estimated financial statements of the business and may be defined as Shareholder's Funds or Net Assets owned by the business. The Net Assets Value is generally used as the minimum break-up value for the transaction. This methodology calculates the underlying net Assets of the business, either on a book value basis or realizable value basis or replacement cost basis. We have used the said method to estimate the value of the companies.

2) Discounted Cash Flow Method (DCF):

The DCF method uses the future free cash flows of the division discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business, considering that this method is based on future potential and is widely accepted, we have included this approach in the valuation exercise.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the expected to be generated by the company that is available to all provides of the company's Capital-both debt and equity.



Appropriate discount rate to be applied to cash flows i.e., the cost of capital

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely share-holders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of Return the capital provider Expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, the amount of loans has to be adjusted to arrive at the total value available to the equity shareholders. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share of the company. we have not used the said method.

3) Stock Exchange Quotation or Market Price Method:

This valuation reflects the price that the market at a point in time is prepared to pay for the shares. It is therefore influenced by the condition of the stock market, the concerns and opportunities that are seen for the business in the sector or market in which it operates.

The market price is also reflecting the investor's view of the ability of the management to deliver a return on the capital it is using. In the case of companies not frequently traded, this value may be very different from the inherent value of the shares, but nevertheless forms a benchmark value. We have adopted this method for valuation of VGEL as it is listed company and market prices are available.

Valuation Analysis:

We have carried out the valuation analysis as described above, based on the fundamental assumption of going concern for the business under consideration. The detailed analysis and the assumptions made these purpose are given below:

Method 1: Net Asset Value Method (NAV)

Net Asset Value Method of VGEL: In order to assess the NAV of the Company, we have used the Provisional financial statements for the Period ended 31st December, 2023. The estimated value arrived under this approach using the shareholders' funds of Net Assets owned by the business as at 31st December, 2023 is Rs.3062.97Lakhs.



VARIMAN GLOBAL ENTERPRISES LIMITED

PARTICULARS	Rs. In Lakhs
Fixed Assets (net block)	172.98
Capital work in progress	82.30
Investments	594.30
Differed Tax Asset	5.38
Current Assets	-
Inventories	660.99
Trade Receivables	1,572.91
Cash & Bank	27.48
Loans	1,194.93
Other Current Assets	1,078.95
Total Assets	5,390.22
Borrowings	592.06
Current Liabilities	-
Borrowings	605.96
Trade Payables	1,032.34
Short-term Provisions	-
Other Current Liabilities	1.81
Current Tax Liabilities	89.70
Total liabilities	2,321.87
Less: Differed Tax Asset	5.38
NET VALUE	3,062.97
No. of Equity Shares outstanding	1,945.81
Value per Share	1.57

Source: Provisional financial statements of VGEL.

Method 2: Discounted Cash Flow Method (DCF)

Estimated Free Cash Flows:

For the purpose of valuation exercise, we have considered a five-year projected period i.e, from the financial year 2024 to 2027.

The cash flow projections as on a free cash flow to equity (FCFE) basis are summarized below:

Discounted Cash Flow Method of VGEL:

(Rs. In lakhs)

Particulars	2022-23 Audited	2023-24 Estimated	2024-25 Proj	2025-26 Proj	2026-27 Proj	2027-28 Proj
PAT	127.62	343.33	592.10	978.12	1,572.52	2,482.78
Add: Depreciation & Amortisation	7.42	37.79	37.99	37.99	37.99	37.99
Less: Changes in working capital	-	524.04	783.88	1,120.96	1,616.47	2,347.70



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Less: Increase in Capex	-	50.00	10.00	-	10.00	-
Free Cash flow	135.04	-192.92	1403.96	2137.06	3216.98	4868.47

Particulars	2022-23 Audited	2023-24 Estimated	2024-25 Proj	2025-26 Proj	2026-27 Proj	2027-28 Proj
Free Cash Flow	135.04	-192.92	1403.96	2137.06	3216.98	4868.47
Year	-	0.25	1.25	2.25	3.25	4.25
Discount Factor	1.00	0.97	0.84	0.74	0.64	0.56
Present Value of Cash Flows	135.04	-186.48	1184.87	1574.65	2069.51	2734.41
Present Value of Business						7376.96
Terminal Value at the end						30,103.50
Add: Cash and cash equivalents						51.30
Less: Debt						301.11
Value of Business before Debt						37230.65
No of Equity Shares						1,945.81
value per share						19.13

Source: Projected financial statements of VGEL.

Method 3: Stock Exchange Quotation or Market Price Method: VGEL

The details of trading prices as per the stock exchange for last 90 days and 10 days as given below:

Alternative: I

Date	No. of Shares	Total Turnover (Rs.)
12-Feb-24	15,20,011	2,98,85,818
09-Feb-24	3,42,225	65,00,863
08-Feb-24	1,64,069	31,00,604
07-Feb-24	1,17,313	22,74,792
06-Feb-24	1,34,592	26,18,582
05-Feb-24	2,25,453	44,59,091
02-Feb-24	1,66,769	33,32,613
01-Feb-24	5,58,648	1,11,19,496
31-Jan-24	5,66,959	1,13,60,637
30-Jan-24	7,63,328	1,52,51,452
29-Jan-24	6,79,188	1,31,24,413



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25-Jan-24	82,540	15,54,657
24-Jan-24	1,69,632	32,25,296
23-Jan-24	3,44,287	67,66,593
20-Jan-24	1,44,025	30,46,010
19-Jan-24	6,05,432	1,27,30,147
18-Jan-24	3,04,774	60,31,222
17-Jan-24	1,25,114	24,62,835
16-Jan-24	4,21,048	87,17,839
15-Jan-24	3,12,369	66,78,509
12-Jan-24	16,19,735	3,36,40,217
11-Jan-24	4,84,959	91,95,062
10-Jan-24	3,15,436	60,62,553
09-Jan-24	4,49,674	84,86,051
08-Jan-24	3,77,145	73,01,857
05-Jan-24	4,94,072	98,21,956
04-Jan-24	6,87,357	1,39,24,792
03-Jan-24	10,46,543	2,03,57,954
02-Jan-24	9,02,043	1,69,74,926
01-Jan-24	6,74,764	1,25,54,132
29-Dec-23	12,29,829	2,16,47,915
28-Dec-23	6,49,564	1,07,09,819
27-Dec-23	10,84,127	1,72,95,410
26-Dec-23	6,71,203	1,09,85,167
22-Dec-23	5,33,389	84,92,644
21-Dec-23	5,40,816	86,40,318
20-Dec-23	12,36,939	1,91,71,534
19-Dec-23	19,40,005	3,05,36,952
18-Dec-23	9,03,965	1,29,30,145
15-Dec-23	64,032	8,98,363
14-Dec-23	1,53,956	21,97,719
13-Dec-23	10,08,554	1,42,01,916
12-Dec-23	11,87,220	1,57,14,792
11-Dec-23	1,42,083	19,68,616
08-Dec-23	97,595	13,26,739
07-Dec-23	2,12,472	29,32,238
06-Dec-23	7,44,485	1,06,05,259
05-Dec-23	25,09,069	3,48,61,987
04-Dec-23	1,29,944	17,75,442
01-Dec-23	1,43,741	19,66,984
30-Nov-23	1,71,632	23,80,512
29-Nov-23	1,44,251	20,14,045
28-Nov-23	1,06,265	15,05,374



VARIMAN GLOBAL ENTERPRISES LIMITED

24-Nov-23	5,53,732	79,23,412
23-Nov-23	8,91,529	1,25,42,265
22-Nov-23	75,909	9,88,959
21-Nov-23	1,09,180	14,39,882
20-Nov-23	1,22,137	16,34,593
17-Nov-23	1,87,020	25,33,693
16-Nov-23	1,85,858	24,83,484
15-Nov-23	77,540	10,48,370
13-Nov-23	68,127	9,29,485
12-Nov-23	30,050	4,13,475
10-Nov-23	81,805	11,22,492
09-Nov-23	1,99,305	27,78,160
08-Nov-23	61,807	8,46,193
07-Nov-23	1,30,948	17,85,619
06-Nov-23	2,21,143	31,69,338
03-Nov-23	2,29,159	33,10,820
02-Nov-23	58,378	8,13,175
01-Nov-23	82,878	11,80,822
31-Oct-23	4,68,793	68,53,886
30-Oct-23	1,59,941	23,40,211
27-Oct-23	4,23,187	60,47,401
26-Oct-23	2,23,396	28,05,930
25-Oct-23	2,46,330	32,86,002
23-Oct-23	1,21,845	17,40,267
20-Oct-23	4,31,877	64,14,334
19-Oct-23	1,68,345	25,26,344
18-Oct-23	2,69,160	40,75,010
17-Oct-23	4,64,476	72,10,727
16-Oct-23	1,76,068	26,32,982
13-Oct-23	6,31,658	92,85,888
12-Oct-23	1,92,624	27,33,332
11-Oct-23	2,66,531	37,04,755
10-Oct-23	73,491	10,29,486
09-Oct-23	5,51,389	77,03,156
06-Oct-23	5,28,932	73,63,365
05-Oct-23	7,04,414	99,77,445
04-Oct-23	2,15,054	30,62,496
Total	4,00,88,656	66,50,58,113

Alternative: II

Date	No. of Shares	Total Turnover (Rs.)
12-Feb-24	15,20,011	2,98,85,818



VARIMAN GLOBAL ENTERPRISES LIMITED

09-Feb-24	3,42,225	65,00,863
08-Feb-24	1,64,069	31,00,604
07-Feb-24	1,17,313	22,74,792
06-Feb-24	1,34,592	26,18,582
05-Feb-24	2,25,453	44,59,091
02-Feb-24	1,66,769	33,32,613
01-Feb-24	5,58,648	1,11,19,496
31-Jan-24	5,66,959	1,13,60,637
30-Jan-24	7,63,328	1,52,51,452
Total	45,59,367	8,99,03,948

A) Total of Turnover/No of Shares of 90 Days	16.59
B Total of Turnover/No of Shares of 10 Days	19.72
Applicable Price (Higher of the A or B)	19.72

Source: Bombay Stock Exchange (BSE)

Total Value as per Market Method is Rs. 38,368.48 Lakhs (19,45,81,000 Shares).

X. Business valuation & Value per share:

We have considered the Market Price Method

(Rs.in Lakhs)

Particulars	Value of the Business
Total Value of the Company	38,368.48
No of Equity Shares	1945.81
value per share	19.72

XI. Conclusion:

Effective date of Valuation:


The effective date of valuation is 31st December, 2023

Fair value of Rs.19.72/- fully paid equity share of Rs.1/- each fully paid-up.

Standard (Definition) of Value:

The Standard of Value is "Fair Market Value". As defined by Statement on Standards for Valuation Services Issued by the IGA AP, "the Fair Market Value is-




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- The price, expressed in terms of cash equivalents
- At which property would change hands
- Between a hypothetical willing and able buyer and a hypothetical willing and able seller
- Acting at arm's length in an open and unrestricted market,
- When neither is under compulsion to buy or sell and
- When both have reasonable knowledge of the relevant facts.

X. Premise of Value:

- The Premise of Value is "as a going concern".
- Our opinion of Fair Market Value relies on a "value in use" or "going concern" premise, which assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder value.
- The valuation assumes that the Company will continue to operate as a going concern, and that the character of its present business will remain intact.
- The Income approach evaluates the value of the Company on the basis of its business stream and its ability to serve the demand.

We have estimated that the Fair Value per Equity Share as per Market Price Method is Rs.19.72/- of Rs.1/- each fully paid- up on 31st December, 2023.

XI. Scope of Limitations:

- Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

- Valuation analysis and results are also specific to the date of this report. A review of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. As such, our review results are, to a significant extent, subject to continuance of current trends beyond the date of the report. We, however, have no obligation to update this report for events, trends or transactions relating to the companies or the market/economy in general and occurring subsequent to the date of this report.
- In the course of the review, we were provided with both written and verbal information, including market, technical, financial and operating data. We have however, evaluated the information provided to us by the companies through broad inquiry, analysis and review (but not have carried out a due diligence or audit of the companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be constructed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.
- The terms of our engagement were such that we were entitled to rely upon the information provided by the companies without detailed inquiry. Also, we have been given to understand by the Management that they have not omitted any relevant and material factors. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the companies.
- No investigation of the companies claim to title of assets has been made for the purpose of this review and the companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matter of a legal nature.

- We have not conducted or provided an analysis or prepared a model for any asset valuation and have wholly relied on information provided by the companies in that regard.
- We owe responsibility to only Board of Directors of VGEL which has retained us and nobody else.
- We do not accept any liability to any third party in relation to the issue of this report.

Place: Hyderabad

Date: 21.02.2024



Registered Valuer (IBBI)

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