

Report on
Fair Equity valuation
of
RKD Agri & Retail Limited
in compliance with the requirements of
Securities and Exchange Board of India
("SEBI") (Issue of Capital and Disclosure
Requirements) (Amendment) Regulations,
2022 ("ICDR Regulations")

Report Date
23rd December, 2022
Prepared by
FCA Payal Gada
Registered Valuer (Securities or Financial Assets)

S-15, 2nd floor, Sej Plaza, Marve Road, Malad (West), Mumbai-400064
E-mail: payal@payalgadaco.in
Mob : 9820562075
Tel:(022)28012075

FCA PAYAL GADA
REGISTERED VALUER (SECURITIES OR FINANCIAL ASSETS)

**S-15, Sej Plaza, 2nd Floor, Near Nutan School, Marve Road, Malad(W),
Mumbai – 400064**

E- Mail: payal@payalgadaco.in

Ph.:022-28012075|Mob:9820562075

23rd December, 2022

To,

The Board of Directors

RKD Agri & Retail Limited

B-102, Saraswati Apt. Radhakrishna, Marg Mogra

Village, Andheri (East),

Mumbai -

400069

Dear Sir,

Sub: Valuation report on determination of fair equity valuation of RKD Agri & Retail Limited as per the provisions of the Securities and Exchange Board of India (“SEBI”) Issue of Capital and Disclosure Requirements (Amendment) Regulations, 2022 (“ICDR Regulations”).

RKD Agri & Retail Limited (“RKD Agri ” or “RARL” or “the Company”) is an Indian Company listed on the BSE Limited (“BSE”) .The equity shares of the Company are getting acquired by the Proposed Allottees (“Acquirers”) on a preferential basis.

The equity shares of the Company are infrequently traded as per provisions of Regulation 164(5) of the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 (“ICDR Regulations”).

In this regard, the Company has engaged *FCA Payal Gada, Chartered Accountant, (ICAI Membership No: 110424), an independent Valuer ,in her capacity as a Registered Valuer under the category Securities or Financial Assets*, registered with the Insolvency and Bankruptcy Board of India (“IBBI”); *IBBI Registration No. (IBBI/RV/06/2019/11170)* (“PG” or “We”) as defined in Regulation 2(kkk) of ICDR Regulations, to report on the fair valuation of the equity shares of RKD Agri as per Regulation 165, Regulation 166 A and any other applicable Regulations, if any, under Pricing guidelines for Preferential issue as per Part IV of Chapter V of SEBI ICDR Regulations for the proposed preferential issue.



**FCA PAYAL GADA
REGISTERED VALUER (SFA)**

On the basis of our valuation as discussed under 'Valuation Analysis' Section of this report, the fair equity value of RKD Agri as at 26th December, 2022 ("relevant date or Valuation date") is summarized as under –

The summary workings for arriving at the fair value of RKD Agri are as under-

Valuation Summary						
Valuation Approach	Valuation method	Unit	RKD Agri			
			Annexure Reference	Value per share (INR)	Weight	Weighted Value
				(i)	(ii)	(iii) = (i) * (ii)
Market	Market price (#)	INR per share		-	0%	-
Income	Comparable Companies Multiple (##)	INR per share		-	0%	-
Asset	Net Asset Value	INR per share	A	1.00	100%	1.00
Fair Value per share		INR per share			100%	1.00
<i># Since the shares of the Company are infrequently traded, we have not computed value using the Market Price Method</i>						
<i>## Based on the discussions with the Managemet, we understand that the Company has negligible business operations and the future outlook seems uncertain, as such CCM could not be used</i>						

Please find enclosed herewith our narrative report containing our valuation analysis and valuation conclusions.


**Payal Gada, Chartered Accountant
Registered valuer**

IBBI Registration No.: IBBI/RV/06/2019/11170

ICAI Membership No:110424

UDIN: 22110424BGEUAX5547



Contents

Abbreviations forming part of the Report.....	5
Engagement Background and purpose of valuation	6
Base and premise of Valuation.....	6
Disclosure of Valuer Interest	6
Company Overview	7
Historical Financial Overview.....	8
Traded volume of equity shares on the BSE	8
Valuation Methodologies and Analysis	9
Valuation Conclusion.....	12
Statement of Limiting Conditions	13
Sources of Information.....	16
Procedures conducted	16



Abbreviations forming part of the Report

BSE	- BSE Limited
RKD/Company	- RKD Agri & Retail Limited
QE	- Quarter ended
FY	- Financial Year
FYE	- Financial Year ended
INR	- Indian Rupee
Lacs	- Lakhs
IBBI	- The Insolvency and Bankruptcy Board of India
ICAI	- The Institute of Chartered Accountants of India
IVS	- ICAI Valuation Standards
RV(SFA)	- Registered Valuer (Securities or Financial Assets)
UDIN	- Unique Document Identification number.
PG	- FCA RV Payal Gada
EGM	- Meeting of shareholders
SEBI	- The Securities & Exchange Board of India
NAV	- Net Asset Value
Management	- Management of the Company



Engagement Background and purpose of valuation

RKD Agri & Retail Limited (“RKD Agri ” or “RARL” or “the Company”) is an Indian Company listed on the BSE Limited (“BSE”) .The equity shares of the Company are getting acquired by the Proposed Allottees (“Acquirers”) on a preferential basis.

The equity shares of the Company are infrequently traded as per provisions of Regulation 164(5) of the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) (Amendment)Regulations, 2022 (“ICDR Regulations”).

In this regard, the Company has engaged ***FCA Payal Gada, Chartered Accountant, (ICAI Membership No: 110424), an independent Valuer ,in her capacity as a Registered Valuer under the category Securities or Financial Assets***, registered with the Insolvency and Bankruptcy Board of India (“IBBI”); ***IBBI Registration No. (IBBI/RV/06/2019/11170)*** (“PG” or “We”) as defined in Regulation 2(kkk) of ICDR Regulations, to report on the fair valuation of the equity shares of RKD Agri as per Regulation 165, Regulation 166 A and any other applicable Regulations, if any, under Pricing guidelines for Preferential issue as per Part IV of Chapter V of SEBI ICDR Regulations for the proposed preferential issue.

FCA Payal Gada has more than 10 years of work experience.

This valuation report is our deliverable for this engagement.

It is our understanding that this report will not be used for any other purpose, other than that stated herein.

Base and premise of Valuation

For the purpose of arriving at the valuation of the Company, I have considered the valuation base as “Fair Value”. My valuation and this report are based on the premise of ‘Going Concern”. Any change in the valuation base or premise could have a significant impact on my valuation exercise and therefore, this valuation report.

Disclosure of Valuer Interest

I have no present or prospective contemplated financial interest in the Company, and I have no personal interest with respect to the Promoters & Board of Directors of the Company. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement



**FCA PAYAL GADA
REGISTERED VALUER (SFA)**

Company Overview

RKD is a Public Limited Company, incorporated under the provision of the Companies Act, 1956 (as amended by the Companies Act, 2013) incorporated on 30th April 1986. The CIN of the Company is L15400MH1986PLC316001. The Registered Office and principal place of business of the Company is situated at B-102 Saraswati Apt Radhakrishna marg, Mogra Village, Andheri (East) Mumbai -400069.

The equity shares of the Company are listed on the Bombay Stock Exchange (“BSE”) in India.

The Company is engaged in the retail and wholesale trade of various kind of travelling bags and in agriculture & allied activities.

Capital Structure

Details of subscribed and paid up Share capital of the Company as on valuation date			
Type of security	Number of shares	Face Value per share (In INR)	Share Capital (In INR)
Equity Shares	48,00,000	1	48,00,000
Total	48,00,000		48,00,000

Source: Company

Share holding pattern

Shareholding pattern of Equity shares		
Type of security	No of shares	% of holding
Promoter & Promoter Group	35,29,715	73.54%
Public	12,70,285	26.46%
Total	48,00,000	100.00%

Source: Company

Board of Directors

Board of Directors and Key personnel as on date	
Name	Designation
Meena Nilesh Savla	Director
Nilesh Malshi Savla	Director & CFO
Samirkumar Bharatbhai Sampat	Independent Director
Hetal Dave	Independent Director
Ghela Jogani	Company Secretary & Compliance Officer

Source: Company



**FCA PAYAL GADA
REGISTERED VALUER (SFA)**

Historical Financial Overview

<u>Particulars</u>	<u>Unit</u>	<u>As at 31.03.21</u>	<u>As at 31.03.22</u>
		<u>Audited</u>	<u>Audited</u>
Equity Share capital	INR Lacs	48.00	48
Other Equity	INR Lacs	(119.95)	(117.75)
Non-controlling interest	INR Lacs	-	-
Net Worth	INR Lacs	(71.95)	(69.75)
Source : Published Results - BSE			

<u>Particulars</u>	<u>Unit</u>	<u>FYE 31.03.21</u>	<u>FYE 31.03.22</u>
		<u>Audited</u>	<u>Audited</u>
Revenue from Operations	INR Lacs	77.45	85.56
PAT from Continuing Operations	INR Lacs	(4.31)	2.20
Source : Published Results - BSE			

Traded volume of equity shares on the BSE

Traded volume of shares on the Stock exchange in during the 240 trading days preceding the relevant date

The shares of the Company have been traded only on 17.1.22 during the 240 trading days preceding the relevant date

Total Traded Quantity during the 240 trading days preceding the relevant date	A	100
Total number of shares outstanding as per ICDR regulations	B	48,00,000
% of shares traded during the 240 trading days preceding the relevant date	C=A/B	0.0021%
Source : BSE Limited Website		



Valuation Methodologies and Analysis

We note that there are certain accepted valuation methodologies as approved by Hon'ble Supreme court in TOMCO – HLL's merger case. We have considered these valuation methods. The valuation methods as approved by Hon'ble Supreme Court in that case were the Net Worth Method or Book Value method under Cost/Asset Approach, the Market Value Method under Market Approach and the Earnings/ Yield Method under Income Approach.

Our valuation analysis with respect to each of the methods is explained in detail below.

1. Net Worth Method or Book Value method under Asset Approach or Cost Approach:

We have considered the latest available audited balance sheet of the Company (as available in public domain) as of 31stMarch,2022 as well as the quarterly results published by the Company for the quarter and six months period ended on 30th September 2022 and have computed the Net Worth or Book Value per equity share of the Company. Our workings are given below:

Annexure	A		Valuation using the Net Asset Value ("NAV") method - Cost Approach		
Particulars			Reference	Unit	Value
Share Capital	Half year ended	30-Sep-22	A	INR lacs	48.00
Reserves	Half year ended	30-Sep-22	B	INR lacs	(111.79)
Net Asset Value			D=A+B	INR lacs	(63.79)
Fair value			D=C*10⁵	INR	(63,79,000)
Number of equity shares			E	Number	48,00,000
Net Asset Value			F=D/E	INR per share	(1.33)
Face Value			G	INR per share	1.00
Fair Value per equity share (#)			H=G	INR per share	1.00
(#) Since NAV is negative, Face value is considered as Fair Value					

Accordingly, based on information available in public domain, we have computed value under Net Worth Method or Book Value method to be **INR 1 per equity share**.



2. Earnings Multiples Method or Yield Method (Comparable Companies' Multiples method) under Income Approach:

Usage of market Multiples Method such as Price to earnings multiple or Price to earnings Multiple methodology would be appropriate in cases where in the business essentially has diversified portfolio of assets, a large customer base and strong intangible assets like brand name in the market place, distribution network, diversified customer base etc. In the present case, the Company has meagre business operations and been historically incurring losses for two financial years; FYE 20 and FYE21 and has reported a meagre profit of 2.20 lacs for the year ended 31.3.22,

We further understand that the assets are not impaired in value (based on our reading of Auditor's report and Director's report for the year ended 31 March, 2022). We also note that the assets, i.e., Property, plant and Equipment are not able to generate any meaningful profit after tax, as well. In line of the uncertainty with regard to the future outlook for profitability of the business (as represented by the Management) as well absence of intangible assets, we could not use the Market Multiples methods like Price to Earnings multiple or Price to Book multiple to compute the fair value of equity.



3. Market Value Method under Market approach:

Regulation 164(5) of Chapter IV of SEBI ICDR Regulations reads as under-

For the purpose of this Chapter, “Frequently traded shares” means 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 the shares of the issuer.

Explanation: For the purpose of this regulation, ‘stock exchange’ means any of the recognized 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.”

The equity shares of the Company are traded on BSE.

Relevant date in case of preferential issue of equity shares is defined in regulation 161(a) “the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue”. In this case the meeting of the shareholders is proposed to be held on 25th January, 2023 and as such the relevant date for computation of trading volume is 26th December, 2022 .

Relevant date as per Regulation 161 of ICDR		
Particulars	Weekend /Weekday	Day and date
Date of the meeting of shareholders (EGM) to be held to consider the proposed preferential issue	Weekday	Wednesday, 25 January 2023
Relevant date -Thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue	Weekday	Monday, 26 December 2022
Date preceding the relevant date	Weekend	Sunday, 25 December 2022
Date preceding the relevant date	Day preceding the weekend as per ICDR Regulations	Friday, 23 December 2022

The shares of the Company have been traded only on 17.1.22 during the 240 trading days preceding the relevant date In this case only 0.0021% of the total number of shares are traded during the 240 trading days preceding the relevant date, detailed as under-

Total Traded Quantity during the 240 trading days preceding the relevant date	A	100
Total number of shares outstanding as per ICDR regulations	B	48,00,000
% of shares traded during the 240 trading days preceding the relevant date	C=A/B	0.0021%
<i>Source : BSE Limited Website</i>		

As such the Company’s equity shares have been infrequently traded in terms of ICDR Regulations, and hence the Market Price method under Market Approach could not be used.



**FCA PAYAL GADA
REGISTERED VALUER (SFA)**

Valuation Conclusion

As per Regulation 165 of the ICDR Regulations, 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.

We have considered the valuation methods and the weightages to valuation results under each method as ratified by Hon'ble Supreme Court in TOMCO – HLL's merger case. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors which will strongly influence the worth of a share. This concept is also recognised in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."

On the basis of our valuation as discussed under 'Valuation Analysis' Section of this report, the fair equity value of RKD Agri as at 26th December, 2022 ("relevant date or Valuation date") is summarized as under –

Valuation Summary						
Valuation Approach	Valuation method	Unit	RKD Agri			
			Annexure Reference	Value per share (INR)	Weight	Weighted Value
				(i)	(ii)	(iii) = (i) * (ii)
Market	Market price (#)	INR per share		-	0%	-
Income	Comparable Companies Multiple (##)	INR per share		-	0%	-
Asset	Net Asset Value	INR per share	A	1.00	100%	1.00
Fair Value per share		INR per share			100%	1.00
<i># Since the shares of the Company are infrequently traded, we have not computed value using the Market Price Method</i>						
<i>## Based on the discussions with the Management, we understand that the Company has negligible business operations and the future outlook seems uncertain, as such CCM could not be used</i>						



Statement of Limiting Conditions

1. Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed 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.
2. We owe responsibility to only the Client that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose except as stated in the Engagement Background. Our Valuation Report can be shared by the Client with its Advisors, Merchant Bankers, SEBI and other authorities purely in connection with the proposed transaction.
3. We have relied on information as available in public domain and as made available to us. We assume no responsibility for the accuracy and completeness of information and will not be held liable for it under any circumstances. We have not conducted an audit, or due diligence, or reviewed / validated the data made available to us.
4. Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
5. Neither we nor any of our affiliates are responsible for updating this report because of events or transactions occurring subsequent to the date of this report.
6. The valuation analysis and result rely upon the information substantively contained herein.
7. We have obtained a general representation from Client confirming that the Client has provided us with all the relevant information, knowledge, supporting documents completely and correctly and that no material information has been concealed or withheld or misrepresented by the Client.
8. The Investors need to undertake their own analysis and also appoint experts to obtain an independent view before investing or divesting in the valuation subject. Our report cannot be relied upon by the current or potential investors to undertake any investment/divestment decision. The current or potential investors should also independently validate the business plan and financial projections provided by the Management before making any investing/divesting decisions.
9. Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting/assurance/ tax /legal/financial/commercial/environmental due diligence, consulting or tax related services or forensic/ investigation services that may otherwise be provided by us or our affiliates and does not include verification or validation work.



**FCA PAYAL GADA
REGISTERED VALUER (SFA)**

10. The valuation report was prepared for the purpose of complying with provisions of ICDR Regulations and is for the confidential use of the Client only. Its suitability and applicability of any other use has not been checked by us. Neither the valuation report nor its contents may be disclosed to any third party without our prior written consent. We retain the right to deny permission for the same. The Report is only for regulatory compliances and/or regulatory filings under the specific Statute under which this Report is issued and as such cannot be disclosed or discussed with any third party. It is inappropriate to use this Report for financing or any purpose other than the purpose mentioned above. We are not responsible for the unauthorized use of this Report. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. Unless required by law, it shall not be provided to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom this report is disclosed or otherwise made available.
11. The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to the following matters -
 - Matters of a legal nature, including issues of legal title and compliance with local laws, and
 - Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Company.
12. In accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.
13. The valuation analysis and results are governed by concept of materiality.
14. We have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of the Company's activities and the shares being valued at the Valuation Date. Therefore, PGCO will accept no responsibility for any error or omission in the Report arising from incorrect information provided by Management. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable.



**FCA PAYAL GADA
REGISTERED VALUER (SFA)**

15. The opinion(s) rendered in the Report only represent the opinion(s) of PGCO based upon information furnished by you and others on your behalf and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion is however not for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
16. The fee for the Report is not contingent upon the results reported.
17. While performing this assignment, we have assumed genuineness of all signatures and authenticity of the documents/details and/or copies of the documents furnished to us by the Management or on behalf of the Management.



Sources of Information

The following Company specific information, as available in public domain has been inter-alia used in the valuation:

- Audited financials as on 31st March, 2020, 31st March, 2021 and 31st March, 2022 as downloaded from the BSE website - <https://www.bseindia.com>
- Quarterly Results published for the quarter ended 30th September, 2022, as downloaded from the BSE website - <https://www.bseindia.com>
- Shareholding pattern as on 30th September, 2022, as downloaded from the BSE website - <https://www.bseindia.com>
- Share Trading volume information as downloaded from the BSE website - <https://www.bseindia.com>

Procedures conducted

The Procedures conducted by us are:

1. Requested and received all required information from the Management.
2. Considered the historical financial statements of the Companies.
3. Discussed the profile and operations of the Companies with the Management(s).
4. Discussions with the Management on understanding of the businesses of the Company.
5. Evaluated the various valuation methods and computing the value using each of the applicable methods.
6. Assigned appropriate weights to the values derived using each of the applicable methods and arrived at the fair value.
7. Prepared and issued valuation report.

