

VALUATION REPORT

on

Equity Shares for Preferential Allotment

ROSE MERC LIMITED

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Table of Contents

1	Context and Purpose.....	3
2	Conditions and major assumptions.....	3
3	Background of the Company.....	4
4	Valuation Premise	5
5	Valuation Date	5
6	Valuation Standards.....	5
7	Valuation Methodology and Approach.....	6
8	Caveats.....	8
9	Distribution of Report.....	9
10	Opinion on Value of Equity Shares:	10
11	Annexures	11



Valuation Analysis

We refer to our Engagement dated 21st June 2023 as Independent Valuers of **ROSE MERC 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, Companies Act 2013 and others acts, rules and regulations relevant for the said issue.

Proposed Transaction:

During the financial year 2023-2024, Company is evaluating the possibility of preferential allotment of equity shares. In this context, the management of **ROSE MERC 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

ROSE MERC LIMITED (“RML”) is a listed Public company limited by shares incorporated on 16th January, 1985 having CIN: L24110MH1985PLC035078 and having Registered Office



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Address at 15/B/4, New Sion CHS SIES College, Behind D Mart, Sion West Sion Mumbai Mumbai MH 400022 IN. It is classified as Non-government/ company and is registered at Registrar of Companies, Mumbai. Its authorized share capital is Rs. 10,00,00,000 and its paid-up capital is Rs. 2,81,60,000. The company is listed with BSE 4th July 1985.

The company deals in various goods on pan India basis using their extensive network in retail and wholesale segment.

Directors and Key Managerial Persons

DIN/PAN	Name	Designation
0002003878	Kirti Chunilal Savla	Managing Director
0002262964	Shekhar Mennon	Director
0009133175	Sonu Surjit Vasani	Independent Director
0009159108	Vaishali Parkar Kumar	Director
0009660481	Nooruddin Mohammed Shaikh	Director
0009838204	Purvesh Shelatkar	Independent Director
0010064277	Vivek Parulkar	Executive Director
0010101936	Avinash Madhav Sonawane	Director
CANPP3960P	Mahashweta Ajitlal Pamnani	Company Secretary and Compliance Officer
AHQPM3358J	Anant Balkrishna More	Chief Financial 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 **ROSE MERC LIMITED** of the Company has been carried out based on the trading days as per Regulation 164 and 166A of Chapter V of the SEBI (Issue of Capital and Disclosure Requirements), 2018. The value arrived is as on close of trading hours of 3rd July 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.

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 Regulation 164 and 166A of the SEBI (ICDR) Regulations, 20

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 205[90 trading days] prior to the relevant date.

As per Regulation 164(1) of SEBI (ICDR) Regulations, 2018:

If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days 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:

- a. the 90 trading days of the volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
- b. the 10 trading days of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

As per Regulation 166A of SEBI (ICDR) Regulations, 2018:

(1) Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

ROSE MERC LIMITED is listed since 4th July 1985 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 at least ten per cent of the total number of shares of such class of shares of the issuer.

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.



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Registered Valuer – Securities and Financial Assets

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 **ROSE MERC 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 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 (4th July 2023) i.e. 3rd July, 2023** is as follows:

Higher of:

1. As per Regulation 164 is **INR 50.17** per share and
2. As per Regulation 166A is **INR 44.90** 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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Registered Valuer - Securities or Financial Assets
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July 4, 2023
Mumbai

11 Annexures

Higher of	BSE
Volume Weighted Average Price of 90 Trading days:	50.17
Volume Weighted Average Price of 10 Trading days:	44.94

Book Value Method

Particulars	Amount in INR Lacs as at 15th June 2023
Equity Share Capital	2,81,60,000.00
Other Equity	7,21,70,708.27
Debit Balance in Profit & Loss Account	31,97,058.60
Deferred Tax Assets	-
(C) BOOK VALUE [A-B]	9,71,33,649.67
(D) Nos. of Fully Paid-up Equity Shares	28,16,000
(E) Book Value Per Share [C / D]	34.49

Comparable Multiples Method

PEER COMPANIES AVERAGE P/E RATIO

Name of the Company	P/E Ratio
TRIVENIENT (Triveni Enterprises Limited) *As per closing of 3 rd July 2023	47.76
KOTHARIPRO (Kothari Products Limited) *As per closing of 3 rd July 2023	204.77
REDINGTON (Redington Limited) *As per closing of 3 rd July 2023	13.56
AVERAGE P/E	88.70

VALUE AS PER P/E MULTIPLE

(A) Diluted Earnings Per Share - Consolidated - 31st March 2023	-0.890
(B) Annualised Earnings Per Share	-0.890
(C) Average P/E Ratio of Peer Companies	88.70
(D) Price per Share [B * C]	-



PRICE PER SHARE

PRICE PER SHARE AS PER	INR	WEIGHT	WEIGHT X PRICE
Volume Weighted Average Price	50.17	2	100.33
Comparable Mutliples Method (P/E)	-	-	-
Book Value as at 15th June 2023	34.49	1	34.49
TOTAL		3	134.83
AVERAGE PRICE PER SHARE			44.90

