

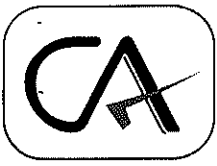
Ved Technoserve India Private Limited

Calculation of Fair Market Value as per Rule 11U and 11UA of the Income-tax Rules, 1962
For the purpose of transfer of equity shares
Reference Date: March 31, 2022

CONTENTS

CONTENTS.....	1
COVERING LETTER.....	2
PURPOSE OF VALUATION.....	3
VALUATION METHODOLOGY.....	4
STATEMENT OF LIMITING CONDITIONS	5
CONCLUSION	6
ANNEXURE – A (VALUATION WORKING)	7
ANNEXURE – B (RELEVANT EXTRACT OF RULE 11UA)	9
ANNEXURE – C (RELEVANT EXTRACT OF SECTION 50CA)	10
ANNEXURE – D (RELEVANT EXTRACT OF SECTION 56(2)(x)).....	11





COVERING LETTER

To
The Board of Directors
Sambhaav Media Limited
Ahmedabad

Dear Sirs,

Subject: Our opinion on the Fair Market Value of the Equity Shares of M/s Ved Technoserve India Private Limited ('the Company' or 'VTIPL') as per Section 56(2)(x) and / or section 50CA of the Income-tax Act, 1961 ('the Act') in accordance with Rule 11U and Rule 11UA of the Income- tax Rules, 1962 ('the Rules')

With reference to the above subject, we are hereby giving our opinion on the fair market value of the Equity Shares of the Company as per the method prescribed under Rule 11UA(1)(c)(b) of the Income-tax Rules, 1962 based on the financial statements for the period ended March 31, 2022 produced before us. The detailed valuation report is enclosed herewith.


On the basis of detailed working, we hereby opine that the Fair Market Value of 50,00,000 Equity Shares of the Company as at March 31, 2022 for the purpose of section 56(2)(x) and section 50CA of the Income-tax Act, 1961 is ₹ 13.83/- (Rupees Thirteen point Eight Three only) (Refer Annexure – A) per share.

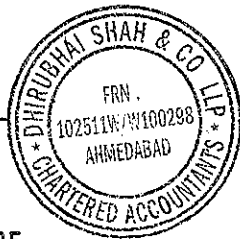
This opinion is restricted to the reference date mentioned hereinabove. This opinion is based on the documents and papers produced before us and information and explanation extended to us. The above value is subject to the Assumptions & Limiting Conditions set out in our detailed report which is intended to be used by the addressee only for the reference purpose.

Thanking you

Sincerely

For **Dhirubhai Shah & Co LLP**
Chartered Accountants
(Firm's Registration No.: 102511W/W100298)


Yash Shah
Partner
(Membership No.: 124427)
UDIN: 22124427APGFOS1525



Date: 9th August, 2022
Place: Ahmedabad

PURPOSE OF VALUATION

Ved Technoserve India Private Limited ('VED') was incorporated on November 16, 2011 as a Private Limited Company under the Companies Act, 1956. The company is registered with Registrar of Companies, Ahmedabad with CIN: U72900GJ2011PTC067843. The company is engaged in the business of development of software and hardware for various IT connected activities. It provides technological services to the sectors related to media & communications.

The Authorised Capital of the company is Rs. 5,00,00,000/- and the Paid-up Capital of the company is Rs. 5,00,00,000/-; which is composed of 50,00,000 equity shares of Rs. 10/- each fully paid.

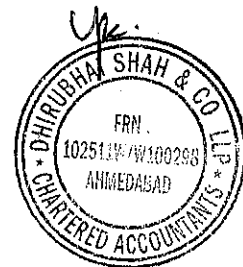
The existing shareholding pattern of the Company as at March 31, 2022 (pre-transfer) was as under:

Sl. No.	Name of the Shareholder	No. of Shares	Percentage
1	Sambhaav Media Limited ('SML')	50,00,000	100%
	Total	50,00,000	100%

The management of SML intends to transfer existing shares it holds in VED and accordingly, have approached us – M/s Dhirubhai Shah & Co LLP ('the firm') to give our formal opinion on the Fair Market Value of the Equity Shares of the Company, calculated in accordance with the provisions of the Income-tax Act, 1961.

The purpose of this Valuation Report is to document the calculation of Fair Market Value of Equity Shares of the Company. This report is addressed to the Board of Directors of Sambhaav Media Limited and is proposed to be used only for their intended purpose.

It may kindly be noted that this Valuation Report is merely a pre-facto analysis of the fair market value of the equity shares of the Company as per the formula based approach under Rule 11UA. We have been provided with provisional financial statements of the Company for the year ended March 31, 2022. We have adopted these financial statements for the purpose of our exercise.



VALUATION METHODOLOGY

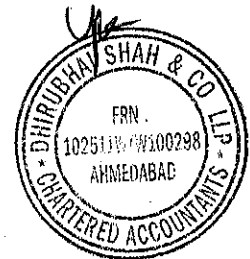
As the main purpose of the valuation exercise is to arrive at the Fair Market Value for the purpose of section 56(2)(x) and section 50CA of the Income-tax Act, 1961, we have adopted procedure specified under Rule 11U and Rule 11UA of the Income-tax Rules, 1962.

Rule 11U and 11UA of the Income-tax Rules, 1962 provide for the methodology of calculation of Fair Market Value of the Unquoted Equity Shares based on the formula for Net Asset Value (NAV) subject to adjustments for TDS / TCS / Advance Tax and Provision of Taxation. An option for calculation of FMV as per Discounted Free Cash Flow Method is also available; provided the valuation is conducted for the purpose of arriving at the FMV under section 56(2)(viib). In the instant case, there is no further issue of shares. As such, section 56(2)(viib) is not attracted.

As referred to in Rule 11UA(1) of the Income-tax Rules, 1962, for the purpose of valuation of equity shares under section 56(2)(x), formula based approach shall be used which effectively calculates Net Asset Value per share; subject to some adjustments on account of TDS, Advance Tax, Income Tax Refund and Tax Provision.

As such, we have followed the Formula Based approach for calculation of the Fair Market Value of the Equity Shares of the Company as per the provisions of Rule 11UA(1) of the Income-tax Rules, 1962.

In view of the limited purpose of this report, we are not going for any other method of valuation of the equity shares in question.



STATEMENT OF LIMITING CONDITIONS

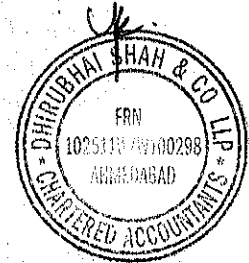
Based on the Legal Provisions concerned as mentioned hereinabove, following assumptions and limiting conditions have been considered:

1. This report is an appraisal report designed to give an opinion of fair market value. It is not an accounting report, and it should not be relied upon to disclose hidden assets or to verify financial reporting. It is an opinion of the value of the Company's common stock as on the valuation date. The FMV has been calculated in accordance with the methodology as prescribed under Rule 11UA of the Income-tax Rules, 1962.
2. We have accepted the compiled financial statements of the Company without testing their accuracy. The financial statements consist of Balance Sheet and Statement of Profit & Loss. The accuracy of the financial statements is the sole responsibility of the management of the Company.
3. As per the provisions of Rule 11U and Rule 11UA the valuation date is to be construed as the date of transfer of shares or the date of receipt of consideration whichever is applicable. The management of the Company has however drawn balance sheet of the interim period ended on March 31, 2022 and has requested us to consider this as reference date for the purpose of the instant valuation exercise.
4. This valuation report is based upon facts and conditions existing as of the date of valuation. We have not considered subsequent events.
5. This report and the information contained herein are absolutely confidential and are intended to for the sole use of the SML for their desired purpose. It should not be copied, disclosed, circulated, quoted or referred to, full or in part, in correspondence or in discussion with any other person except to whom it is issued. We do not and will not accept any kind of responsibility towards any person to whom this report has been shown or has been made available without our prior written consent.
6. We expressly disclaim any liability as may arise due to inaccurate information and non-intended use of this report.



CONCLUSION

With reference to the foregoing discussion, the Fair Market Value ('FMV') of the equity shares of M/s Ved Technoserve India Private Limited ('the Company') as at March 31, 2022 ('reference date considered for valuation of equity shares') as calculated under section 56(2)(x) and section 50CA of the Income-tax Act, 1961 and Rule 11UA of the Income-tax Rules, 1962; has been arrived at ₹ 13.83/- (Rupees Thirteen point Eight Three only) (Refer Annexure – A for detailed Working) per share subject to our assumptions, limiting conditions and disclosures stated hereinabove.



ANNEXURE – A (VALUATION WORKING)

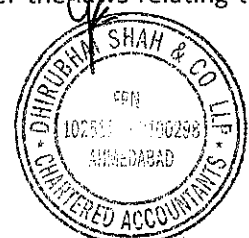
With reference to the provisions of section 56(2)(x) and 50CA of the Income-tax Act, 1961 and Rule 11UA of the Income-tax Rules, 1962, valuation has been worked as under:

[Amount: INR in Lakhs unless specified otherwise]

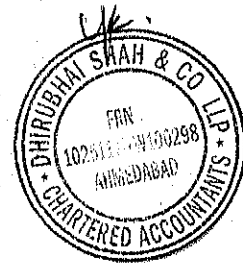
Book value of all the assets (incl. jewellery, artistic work, shares, securities and immovable property) in the balance-sheet (A)		7,25,38,000
Less:	TDS / TCS / Advance Tax as reduced by Income Tax Refund Claimed	10,37,000
Less:	Book Value of Immovable Property considered separately in (D) below	-
Less:	Deferred Expenditure (Misc. Expenditure to the extent not written off or adjusted including Preliminary and Preoperative Expenses)	1,70,000
Less:	Book Value of jewellery, artistic work, shares, securities etc.	-
the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer (B)		-
fair market value of shares and securities as determined in the manner provided in this rule (C)		-
the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property (D)		-
Assets for the purpose of Rule 11UA (A+B+C+D)		7,13,31,000
Book Value of Liabilities as per the Balance Sheet (L)		7,25,38,000
Less:	Paid-up Equity Share Capital	5,00,00,000
Less:	Provision for Specified Dividend	-
Less:	Reserve & Surplus	2,03,80,000
Less:	Provision for Taxation	-
Less:	Provision for Liabilities other than ascertained liabilities	-
Less:	Contingent Liabilities	-
Liabilities for the purpose of Rule 11UA (L)		21,58,000
Total amount of paid-up equity share capital as shown in the balance-sheet (PE) in absolute INR		5,00,00,000
The paid-up value of such equity shares (PV) in absolute INR		10
Fair Market Value of per Equity Shares [(A+B+C+D-L) x (PV / PE)]		13.83

Notes:

- As per the provisions of Rule 11U(b) of the Rules, for the purpose working of Fair Market Value for section 56(2)(x) of the Act, balance has to be referred to as the balance-sheet of such company (including the notes annexed thereto and forming part of the accounts) as drawn up on the valuation date which has been audited by the auditor of the company appointed under the laws relating to companies in force.



2. As per the provisions of Rule 11U(j) of the Rules, valuation date means the date on which the property or consideration, as the case may be, is received by the assessee.
3. As such, for the purpose of arriving at the Fair Market Value as per section 56(2)(x) of the Act, valuation date needs to be construed as the date on which shares are being received by the transferee. Furthermore, the company needs to draw balance sheet as on the valuation date and get it audited from the Statutory Auditors appointed as per the corresponding provisions of the Companies Act, 2013.
4. The management of the Company has however drawn balance sheet of the year ended on March 31, 2022 and has requested us to consider this as reference date for the purpose of the instant valuation exercise.
5. In the view of the above information, we have considered management certified Balance Sheet of the Company as at March 31, 2022.
6. For information of TDS, TCS, Advance Tax and Income Tax Refund Claimed, corresponding figures from the financial statements have been considered for the purpose of calculation of the Fair Market Value of the equity shares.



ANNEXURE – B (RELEVANT EXTRACT OF RULE 11UA)

Rule 11UA of the Income-tax Rules, 1962 reads as under:

Determination of fair market value.

11UA. [(1)] For the purposes of section 56 of the Act, the fair market value of a property, other than immovable property, shall be determined in the following manner, namely,—

(b) the fair market value of unquoted equity shares shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner, namely:—

the fair market value of unquoted equity shares = $(A+B+C+D-L) \times (PV)/(PE)$, where,

A= book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet as reduced by,—

- (i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and
- (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in this rule;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;

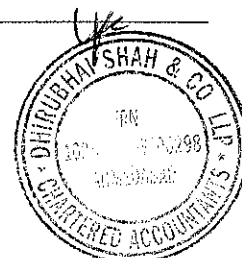
L= book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—

- (i) the paid-up capital in respect of equity shares;
- (ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;
- (iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;
- (iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;
- (v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;
- (vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares;

PV= the paid up value of such equity shares;

PE = total amount of paid up equity share capital as shown in the balance-sheet;]

(c) the fair market value of unquoted shares and securities other than equity shares in a company which are not listed in any recognized stock exchange shall be estimated to be price it would fetch if sold in the open market on the valuation date and the assessee may obtain a report from a merchant banker or an accountant in respect of which such valuation.



ANNEXURE – C (RELEVANT EXTRACT OF SECTION 56(2)(x))

Section 56(2)(x) of the Income-tax Act, 1961 reads as under:

Income from other sources.

56. (2) In particular, and without prejudice to the generality of the provisions of sub-section (1), the following incomes, shall be chargeable to income-tax under the head "Income from other sources", namely :—

(x) where any person receives, in any previous year, from any person or persons on or after the 1st day of April, 2017,—

(c) any property, other than immovable property,—

(A) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(B) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration :

Provided that this clause shall not apply to any sum of money or any property received—

(I) from any relative; or

(II) on the occasion of the marriage of the individual; or

(III) under a will or by way of inheritance; or

(IV) in contemplation of death of the payer or donor, as the case may be; or

(V) from any local authority as defined in the Explanation to clause (20) of section 10; or

(VI) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or

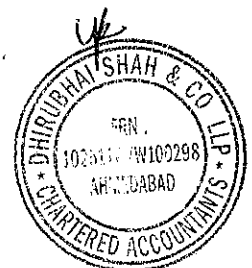
(VII) from or by any trust or institution registered under section 12A or section 12AA; or

(VIII) by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or

(IX) by way of transaction not regarded as transfer under clause (i) or 11[clause (iv) or clause (v) or] clause (vi) or clause (via) or clause (viaa) or clause (vib) or clause (vic) or clause (vica) or clause (vicb) or clause (vid) or clause (vii) of section 47; or

(X) from an individual by a trust created or established solely for the benefit of relative of the individual.

Explanation.—For the purposes of this clause, the expressions "assessable", "fair market value", "jewellery", "property", "relative" and "stamp duty value" shall have the same meanings as respectively assigned to them in the Explanation to clause (vii).



ANNEXURE – D (RELEVANT EXTRACT OF SECTION 50CA)

Section 50CA of the Income-tax Act, 1961 reads as under:

Special provision for full value of consideration for transfer of share other than quoted share.

50CA. Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being share of a company other than a quoted share, is less than the fair market value of such share determined in such manner as may be prescribed, the value so determined shall, for the purposes of section 48, be deemed to be the full value of consideration received or accruing as a result of such transfer:

[Provided that the provisions of this section shall not apply to any consideration received or accruing as a result of transfer by such class of persons and subject to such conditions as may be prescribed.]

Explanation. – For the purposes of this section, "quoted share" means the share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business

