

# JHAMB & ASSOCIATES

(Company Secretaries | Registered Valuers | Trademark Agents)

GSTIN: 07AREPJ1432E1ZB | URN: UDYAM-WB-10-0093045



November 21, 2024

## Board of Directors

### ELITECON INTERNATIONAL LIMITED

152, Shivani Apartments, Plot No. 63, I.P. Extension,  
Patparganj, East Delhi, Delhi, India, 110092

Dear Sirs,

## Subject: Report on Evaluation of Equity Shares of Elitecon International Limited

### I. Purpose and Context of the Valuation:

I, Hitesh Jhamb, Registered Valuer (in respect of Securities or Financial Assets) under the Companies Act, 2013 and having registration no. IBBI/RV/11/2019/12355 (hereinafter referred to as "Valuer" or "we" or "I" or "us") have been appointed on November 18, 2024 by Elitecon International Limited (CIN: L16000DL1987PLC396234) having its registered office at 152, Shivani Apartments, Plot No. 63, I.P. Extension, Patparganj, East Delhi, Delhi, India, 110092 (hereinafter referred to as "EIL" or "Company") to submit a report on fair value of Equity Shares of EIL in accordance with the requirement of Regulations 165 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ["ICDR Regulations"] for the purpose of proposed allotment of Convertible Warrants on a Preferential Basis to one or more persons/entities.

Based on the discussion with the management, we have considered the valuation cut-off date as closure of business hours of September 30, 2024. ("Valuation Date" or "Valuation Cut-off Date")

### II. Disclosure regarding identity of the Valuer and Conflict of Interest:

I, Hitesh Jhamb, having office at 270-A, FF, Patparganj, Mayur Vihar Phase-I, Delhi-110091, is a Registered Valuer in respect of Securities or Financial Assets, duly registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV/11/2019/12355.

I do not have any conflict of interest in the present valuation exercise as I do not hold any share or other pecuniary interest in the Company under the valuation except fee or any other payment received/to be received for carrying out any professional services, if any. I am not associated with the management of the Company, their promoters or any other group company in any way other than in professional capacity, if any. Accordingly, there is no conflict of interest among the Valuer and the Company under the valuation exercise. Prior to accepting this engagement, I have considered my independence.

I will receive a fee for my services in connection with the delivery of this Valuation Report and my fee is not contingent upon the result of proposed transaction.

HITESH JHAMB  
REGISTERED VALUER  
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Website: [www.valuationmart.com](http://www.valuationmart.com)



### **III. Background information about EIL:**

The Company was incorporated on December 15, 1987 as Elitecon International Limited (CIN: L16000DL1987PLC396234) having registered office at 152, Shivani Apartments, Plot No. 63, I.P. Extension, Patparganj, East Delhi, Delhi, India, 110092.

EIL is engaged in manufacturing and trading of cigarettes, smoking mixture and Sheesha and other allied products of the tobacco industry across Domestic Market and Overseas Market. Currently Company is doing business in overseas market with UAE, Singapore, Hong Kong and other European Countries like UK and it has future plans for other products like chewing tobacco, snuff grinders, match lights, matches, match boxes and pipes and other articles.

### **IV. Sources of Information:**

We were provided with the following information by the management of EIL for the purpose of our value analysis:

- Certificate of Incorporation of EIL.
- Certificate of Commencement of Business of EIL.
- MOA and AOA of EIL.
- Annual reports of EIL for financial year ended on March 31, 2024.
- Audited financial figures of EIL for financial year ended on March 31, 2024.
- Brief write up on EIL.

### **V. Approach Considered in our Value Analysis:**

#### **General Principle for Valuation**

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

#### **Selection of Valuation Methodology**

We understand that, Equity Shares of EIL are not frequently traded in terms of Regulation 165 of the ICDR Regulations. Accordingly, the issue price for the purpose of proposed preferential allotment is required to be determined in terms of Regulation 165 of the SEBI (ICDR) Regulations.

In terms of 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 which 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.

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In the context of the above, we have considered the different valuation methods are as follows:-

1. Income Capitalization Method
2. Net Asset Valuation Method ("NAV")
3. Comparable Trading Multiples Method

#### 1. Income Capitalization Method

Income Capitalization Method			
For the year ending on:	Weights	PAT (In Lakhs)	Products
31 March 2024	5	478.01	2390.05
31 March 2023	4	-7,818.11	-31272.4
31 March 2022	3	43.41	130.23
31 March 2021	2	-4.01	-8.02
30 March 2020	1	-0.09	-0.09
Average Profit after tax (PAT)		-1917.35	
(Ke-G)		6%	
Equity Value		-29929.6	
No of Equity Shares		13,72,10,000	
Equity Value Per Share		-21.81	

\* Cost of equity ("Ke")

Growth Rate ("G")

#### 2. Net Asset Valuation Method

The Net Asset Value per share of EIL, based on the provisional financial figures of September 30, 2024, being the latest available provisional financial statements, is Rs. 1.62 (Rupees One and Paise Sixty Two Only).

Net Asset Valuation			
Particulars in INR In Lakhs			
As on date -->			30-09-2024
<b>Assets</b>			<b>28,262.15</b>
<b>Current Assets</b>			<b>27,415.60</b>
Inventories			7,791.97
Trade Receivables			8,383.06
Cash & Cash Equivalents			905.23
Other Current Assets			10,302.50
Current Tax Assets			32.84
<b>Non-Current Assets</b>			<b>846.55</b>
Plant Property & Equipment			767.53
Non Current Investment			57.77
Deferred Tax Assets			21.25

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<b>Liabilities</b>		<b>26,038.87</b>
<b>Current Liabilities</b>		<b>14,543.70</b>
Lease Liabilities		21.59
Trade Payables		14,495.82
Other Current Liabilities		26.28
Provisions		0.01
<b>Non-Current Liabilities</b>		<b>11,495.17</b>
Borrowings		11,454.89
Lease Liabilities		39.18
Provisions		1.10
<b>Net Asset Valuation</b>		<b>2,223.28</b>
<b>Number of Shares</b>		<b>13,72,10,000.00</b>
<b>Price Per Share</b>		<b>1.62</b>

### 3. Comparable Trading Multiples Method

Sr. no	Particulars	EPS	Price	P/E
1	East India Drums and Barrels Manufacturing Ltd (A)	1.19	6.63	5.57
2	Markobenz Ventures Ltd (B)	0.77	10.97	14.25
	Average PE of (A) and (B)			9.91
	Diluted EPS			0.98
	<b>Value per share</b>		<b>9.66</b>	

The comparative figures of the three valuation methodologies is as under:

Approach	Methods	Value per share	Weights
Income Approach	PECV	-21.81	0.00
Asset Approach	NAV	1.62	1.00
Market Approach	CCM Method	9.66	2.00
			3.00
<b>Relative Value Per Share</b>		<b>6.98</b>	
<b>Minimum value as per Section 53 of Companies Act</b>		<b>10.00</b>	

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## **VI. Valuation:**

Based on the above calculations and information and methodology/justifications discussed as above and subject to various assumptions, limitations and considerations set forth herewith, we are of the opinion that the fair value of one Equity Share of EIL is **Rs. 10.00/- (Rupees Ten only)**.

The valuation is subject to the information as made available to us by the management of Company, and no specific audit has been carried on the same.

## **VII. Caveats, Limitations and Disclaimers on the Valuation of Equity Shares of EIL:**

### **1. Restriction on use of Valuation Report**

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. We do not take any responsibility for the unauthorized use of this report.

### **2. Responsibility of Registered Valuer**

We owe responsibility to only to the client that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, is representations or willful default on part of the client or companies, their directors, employees or agents.

### **3 Accuracy of Information**

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

### **4 Achievability of the forecast results**

We do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

### **5 Post Valuation Date Events**

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

### **6 Range of Value Estimate**

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

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The valuation of the Company is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client request, we have provided a single value we consider the valuation to be both reasonable and defensible based on the information available; others may place a different value.

**7 Reliance on the representations of the clients, their management and other third parties**

Though information provided and assumptions used by management/others in developing projections have been appropriately reviewed, enquiries made regarding basis of key assumptions but the client and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the clients, their management and other third parties concerning the financial data, we shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Company, their directors, employee or agents.

**8 No procedure performed to corroborate information taken from reliable external sources**

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

**9 Compliance with relevant laws**

The report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.

**10 Multiple factors affecting the Valuation Report**

The valuation report is tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the balance sheet but could strongly influence the value.

**11 Future services including but not limited to Testimony or attendance in courts/tribunals/ authorities for the opinion of value in the Valuation Report**

We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.


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**12 'Unavailability of information as on Valuation Date:**

Fair Value of the company has been performed on the provisional unaudited standalone balance sheet provided by management as of the valuation date. The management has also confirmed that there has not been any material change since the last available financial statements.

- 13 We had provided draft copy / workings of this report to the management of the Company, who confirmed to the best of their knowledge and belief that the factual information contained within this report is correct and that there are no material omissions. We reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this report comes to light that has a material impact on the conclusions herein.
- 14 While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the client. Our report is subject to the scope and limitations detailed herein. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 15 The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. However, as purpose requires the expression of a single value, we have adopted a single value. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the Company.
- 16 An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.
- 17 The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value.
- 18 In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
- 19 We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

  
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REGISTERED VALUER  
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We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets. It is out of scope of the Assignment. However, if the Company seek our evidence in the proceedings, it shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.

  
HITESH JHAMB  
REGISTERED VALUER  
IBBI/RV/11/2019/12355

**Hitesh Jhamb**

**Registered Valuer (SFA)**

**RV No.: IBBI/RV/11/2019/12355**

**Place: Delhi**