

STAR HOUSING FINANCE LIMITED

**Report on Pricing of Equity Shares for
Preferential Allotment of Equity Shares
in terms of Regulation 164 and Regulation 166(A)
of SEBI (ICDR) 2018
as on June 16, 2022**

Prepared by: -

CS SHREYANSH M JAIN

Registered Valuer (S & FA)

R. No.: IBBI/RV/03/2019/12124

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RV SHREYANSH M JAIN

Registered Valuer (SFA)

Ref: RV/SMJ/SHFL/2022-23

June 17, 2022

To,

Board of Directors,

Star Housing Finance Limited

603, Western Edge I, Above Metro Cash & Carry,

Borivali East, Mumbai City-400066, Maharashtra

Dear Sir,

Subject – Report on Fair Value of Equity Shares for the purpose of Preferential Allotment of Equity Shares in terms of SEBI (ICDR) Regulation, 2018

We have performed a valuation engagement in respect of "Star Housing Finance Limited" (referred hereinafter as "SHFL" or "the Company") as on relevant date i.e. 16.06.2022. This valuation was performed on fair value base solely for the purpose of preferential allotment of equity shares in terms of Regulation 164 and 166A of SEBI (ICDR) Regulation, 2018.

The resulting estimate of value should not be used for any purpose or by any other party for any purpose other than the one identified above.

We have estimated the fair value per equity share of the Company to be **INR 132.28 per share**.

This conclusion is subject to the Statement of Assumptions and Limiting Conditions found in the later part of this report. A detailed working of the valuation can be found in later part of this report. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

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A. Background information of the asset being Valued

Star Housing Finance Limited ("SHFL") is public limited company incorporated under the Companies Act, 1956 on March 21, 2005, having its registered office at 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai City-400066, Maharashtra, India. The Company Identification Number (CIN) of the company is L45201MH2005PLC376046.

Star Housing is founded and promoted by Late Dr Shri Mohan Lal Nagda, Mr Nirmal Jain and Mr Kalu Lal Jain and is currently managed by a group of housing finance professionals. Star Housing has been registered as a Primary Lending Institution (PLI) under the Pradhan Mantri Awas Yojana (PMAY).

B. Purpose of the Valuation and appointing authority

We have been informed by the management that the company is in the process of preferential allotment of equity shares. Thus, a valuation report for the same is required under the Companies Act, 2013 read with rules made thereunder and Regulation 164 read with Regulation 166A of the Securities and Exchange Board of India (ICDR) Regulations, 2018.

We have been appointed by Audit Committee of SHFL to provide a valuation report for the fair value of equity shares of SHFL for the purpose referred above.

C. Identity of the Registered Valuer

Name of the Valuer	RV Shreyansh M Jain
IBBI Registration Number	IBBI/RV/03/2019/12124
ICSI RVO Reg. No.	ICSIRVO/SFA/38
Address	B3/110, Shyam Villa, Opp. Shyam Mandir, New City Light, Surat - 395017, Gujarat, India
Contact Email of RV	rvshreyanshmjain@gmail.com

D. Use of work of Expert

We have not used the work of any other experts in the valuation assignment.



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E. Disclosure of Valuer's Interest or Conflict, if any

We hereby confirm and explicitly declare that we are independent valuer and do not have any interest, direct or indirect, in the underlying securities being valued.

F. Date of appointment, valuation date and date of the valuation report

Date of appointment	April 18, 2022
Relevant date	June 16, 2022
Date of valuation report	June 17, 2022

G. Inspections and/or investigations undertaken

We have not carried out any inspection or independent verification of the information provided. We have relied on the publicly available information and other financial and non-financial information made available to us as well as the representations made to us in the course of this engagement.

H. Nature and sources of the information used or relied upon

In the course of our valuation analysis, we have relied on various financial and non-financial information obtained from the company and from various public, financial and industry sources. We have relied that all information provided by the company has been duly approved by the concerned authority to which it pertains to. Our conclusion of value is dependent on such information being complete and accurate in all material respects. The principal sources of Information used in the course of our valuation include, inter alia:

1. Company specific information

- a) Brief history, present activities and business profile etc.;
- b) Memorandum of Association and Article of Association;
- c) Discussions with and other information provided by the company;
- d) Notes and presentations prepared by the company;
- e) Historical financial information provided by the company;
- f) List of directors of the Company as at Valuation Date;
- g) Management Representation Letter ("MRL") dated June 15, 2022

2. Publicly available information

1. Publicly available information and secondary information including information on websites like <https://www.bseindia.com>. We have not independently verified the accuracy or timelines of the same; and



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It is important to note that we have relied upon the information provided to us and referred to above. We have not endeavored to seek an independent confirmation of its reliability, accuracy or completeness beyond what is reasonably necessary and prudent in the circumstances. We have not performed any form of audit or verification of the information that we have relied upon. Accordingly, the Valuer accepts no responsibility for any errors in the information on which the valuation conclusions are based.

I. Procedures adopted in carrying out valuation and valuation standards followed

Our analysis of value of the company, SHFL is based on the International Valuation Standards and the prescriptions laid down in Companies (Registered Valuer's and Valuation) Rules, 2017 as well as the requirements of the Securities and Exchange Board of India (ICDR) Regulation, 2018.

Some of the key procedures in carrying out the valuation engagement are:

- a. Understanding the nature and purpose of the transaction.
- b. Selection of the most appropriate valuation base.
- c. Identifying the premise of value which refers to the conditions and circumstances how asset is deployed.
- d. Selection of the valuation approach and the corresponding valuation methodology.
- e. Performing the valuation engagement and arriving at the valuation conclusion

J. Valuation Methodology Used

This valuation report is prepared on a fair value base. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Amongst the valuation methodologies identified in the valuation standards, we have considered the "Market Price" method under the market approach as the most appropriate methodology for the purpose of valuing the company.

Under the Market Price method, a Valuer considers the traded price observed over a reasonable period while valuing assets which are traded in the active market. For this purpose, one considers the market where the trading volume of asset is the highest when such asset is traded in more than one active market. The valuation standards also prescribe that the Valuer should use average price of the asset over a reasonable period and use a weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.



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It is also important to note that as a listed company, pricing of the company for the purpose of preferential allotment of Equity Shares is governed by the 'pricing guidelines' in Regulation 164 and Regulation 166A of the Securities and Exchange Board of India (ICDR) Regulations, 2018.

In terms of Regulation 164 of SEBI (ICDR) Regulation, 2018, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

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

The price of equity shares allotted pursuant to preferential issue in terms of Regulation 164 of SEBI (ICDR) Regulation, 2018 is as hereunder:

PRICING OF EQUITY SHARES TO BE ISSUED ON PREFERENTIAL BASIS AS PER REGULATION 164 AND 166A OF SEBI (ICDR) REGULATION, 2018				
	Particular	Total No. of Traded Shares	Total Traded Value	Volume Weighted Average Price
A	90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date i.e., 16-06-2022	3892588	426539985	109.58
B	10 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date i.e., 16-06-2022	377391	49920277	132.28
Minimum Price of Equity Shares (Higher of A and B above)				132.28

The Detailed data of trading days for computation of volume weighted average price of equity shares are given as **Annexure – A** to this report.



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K. Restrictions on use of the valuation report, if any

This valuation report is meant for use for the limited purpose of issue of equity shares on preferential basis as on the valuation date or on a date close to the valuation date. It should not be used for any other purpose and by any other persons. Further, the valuation report is based on the available financial information from the company and publicly available sources which we believe to be accurate. We accept no responsibility for any errors in the information on which the valuation conclusions are based.

L. Major factors that were taken into account during the valuation

We have considered all factors that are required under the provisions of the Securities and Exchange Board of India (ICDR) Regulations, 2018, the Companies Act, 2013 and the relevant rules and requirements of the valuation standards.

For the purpose of proposed issue of equity share on preferential basis for which this valuation report is issued, we are informed by the company SHFL that the relevant date is June 16, 2022. The equity shares are frequently traded shares in terms of Regulation 164(5) of SEBI (ICDR) Regulation, 2018.

M. Conclusion

Based on the valuation exercise carried out by us in terms of the methodology identified above, we have estimated the fair value per equity share of the Company to be **INR 132.28 per share** as on June 16, 2022.

N. Caveats, limitation and disclaimers to the extent they explain or elucidate the limitations faced by Valuer

My report is subject to the scope and limitations detailed hereinafter. 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.

1. This report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. The Company is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.
2. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the



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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. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

3. The valuation report is tempered by the exercise of judicious discretion by the RV, 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.
4. While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.
5. I 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.
6. 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 owners/clients, their management and other third parties concerning the financial data except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.
7. I 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 I 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.
8. 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.
9. I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letter. I will not be liable for any losses, claims, damages or



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liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.

10. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company 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/fixed assets register provided to me.
11. 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.
12. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.



SHREYANSH M JAIN

CP No.: ICSIRVO/SFA/38

IBBI R. No.: IBBI/RV/03/2019/12124

Date: 17-06-2022

Place: Surat

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ANNEXURE – A

STATEMENT OF DATA OF TRADING DAYS FOR COMPUTATION OF VOLUME WEIGHTED AVERAGE PRICE

Day	Date	WAP	No. of Share Traded	Traded Value
1	15-Jun-22	132.85	35030	4,653,562.00
2	14-Jun-22	136.07	28023	3,813,085.00
3	13-Jun-22	134.59	30686	4,129,894.00
4	10-Jun-22	136.50	42901	5,856,151.00
5	9-Jun-22	138.26	63183	8,735,400.00
6	8-Jun-22	134.01	21854	2,928,668.00
7	7-Jun-22	132.16	37381	4,940,095.00
8	6-Jun-22	128.77	38442	4,950,151.00
9	3-Jun-22	124.48	59304	7,382,137.00
10	2-Jun-22	122.95	20587	2,531,134.00
11	1-Jun-22	121.32	66373	8,052,418.00
12	31-May-22	120.94	65052	7,867,104.00
13	30-May-22	120.06	89634	10,761,850.00
14	27-May-22	119.48	64375	7,691,841.00
15	26-May-22	119.27	76507	9,124,611.00
16	25-May-22	120.02	93014	11,163,168.00
17	24-May-22	119.83	38635	4,629,540.00
18	23-May-22	118.11	35729	4,219,906.00
19	20-May-22	117.90	52741	6,218,207.00
20	19-May-22	116.70	52509	6,127,673.00
21	18-May-22	118.58	21326	2,528,904.00
22	17-May-22	117.99	31510	3,717,782.00
23	16-May-22	118.03	71013	8,381,579.00
24	13-May-22	116.80	48630	5,680,187.00



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Day	Date	WAP	No. of Share Traded	Traded Value
25	12-May-22	115.08	60800	6,996,839.00
26	11-May-22	116.39	76209	8,870,289.00
27	10-May-22	116.98	20731	2,425,076.00
28	9-May-22	116.64	18408	2,147,119.00
29	6-May-22	114.09	39311	4,484,801.00
30	5-May-22	114.58	75352	8,633,954.00
31	4-May-22	113.35	35242	3,994,799.00
32	2-May-22	111.28	83211	9,259,357.00
33	29-Apr-22	107.65	144980	15,607,242.00
34	28-Apr-22	100.14	30045	3,008,835.00
35	27-Apr-22	100.21	7943	795,961.00
36	26-Apr-22	100.52	78709	7,911,572.00
37	25-Apr-22	101.02	19792	1,999,350.00
38	22-Apr-22	99.65	82070	8,178,493.00
39	21-Apr-22	98.46	52175	5,137,136.00
40	20-Apr-22	98.36	25642	2,522,155.00
41	19-Apr-22	103.67	73447	7,613,933.00
42	18-Apr-22	98.45	29960	2,949,537.00
43	13-Apr-22	98.99	80845	8,002,788.00
44	12-Apr-22	99.04	148423	14,699,890.00
45	11-Apr-22	99.64	52322	5,213,132.00
46	8-Apr-22	99.12	23463	2,325,571.00
47	7-Apr-22	98.92	8910	881,335.00
48	6-Apr-22	96.75	47147	4,561,248.00
49	5-Apr-22	100.63	48778	4,908,323.00
50	4-Apr-22	100.27	12582	1,261,560.00



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Day	Date	WAP	No. of Share Traded	Traded Value
51	1-Apr-22	100.00	22393	2,239,258.00
52	31-Mar-22	97.59	141910	13,848,774.00
53	30-Mar-22	98.71	158279	15,623,749.00
54	29-Mar-22	101.76	165133	16,804,541.00
55	28-Mar-22	98.50	12968	1,277,384.00
56	25-Mar-22	96.33	104419	10,058,907.00
57	24-Mar-22	98.07	1148	112,579.00
58	23-Mar-22	99.76	14908	1,487,211.00
59	22-Mar-22	100.39	10059	1,009,855.00
60	21-Mar-22	99.51	7014	697,953.00
61	17-Mar-22	96.96	5786	560,982.00
62	16-Mar-22	97.82	3156	308,706.00
63	15-Mar-22	99.79	3619	361,151.00
64	14-Mar-22	103.16	2925	301,742.00
65	11-Mar-22	101.86	36113	3,678,292.00
66	10-Mar-22	102.02	8748	892,512.00
67	9-Mar-22	102.85	24804	2,551,055.00
68	8-Mar-22	101.46	3333	338,181.00
69	7-Mar-22	101.63	3093	314,352.00
70	4-Mar-22	104.44	2265	236,563.00
71	3-Mar-22	104.95	10293	1,080,238.00
72	2-Mar-22	103.32	6708	693,049.00
73	28-Feb-22	101.32	7487	758,560.00
74	25-Feb-22	104.87	24100	2,527,376.00
75	24-Feb-22	103.15	532	54,875.00
76	23-Feb-22	107.80	17844	1,923,632.00



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Day	Date	WAP	No. of Share Traded	Traded Value
77	22-Feb-22	101.60	23616	2,399,422.00
78	21-Feb-22	98.44	37596	3,700,970.00
79	18-Feb-22	95.99	9231	886,066.00
80	17-Feb-22	97.51	5476	533,974.00
81	16-Feb-22	100.30	21737	2,180,136.00
82	15-Feb-22	99.91	62959	6,290,097.00
83	14-Feb-22	97.08	7917	768,616.00
84	11-Feb-22	102.53	9082	931,152.00
85	10-Feb-22	104.29	11022	1,149,461.00
86	9-Feb-22	105.11	44335	4,659,954.00
87	8-Feb-22	105.02	37463	3,934,445.00
88	7-Feb-22	107.11	102501	10,978,689.00
89	4-Feb-22	109.42	65397	7,155,773.00
90	3-Feb-22	114.07	94283	10,754,411.00



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Ref: RV/SMJ/SHFL-AD/2022-23

July 08, 2022

To,
Board of Directors,
Star Housing Finance Limited
603, Western Edge I, Above Metro Cash & Carry,
Borivali East, Mumbai City-400066, Maharashtra

Dear Sir,

Subject – Addendum Report to the report on Fair Value of Equity Shares for the purpose of Preferential Allotment of Equity Shares in terms of SEBI (ICDR) Regulation, 2018

We had performed a valuation engagement in respect of "Star Housing Finance Limited" (referred hereinafter as "SHFL" or "the Company") as on relevant date i.e. 16.06.2022. The said valuation was performed for the purpose of preferential allotment of equity shares in terms of Regulation 164 and 166A of SEBI (ICDR) Regulation, 2018.

We have estimated the fair value per equity share of the Company to be **INR 132.28 per share** as per Regulation 164 of SEBI (ICDR) Regulation, 2018.

In continuation of said valuation opinion on the floor pricing of preferential allotment of equity shares in terms of Regulation 164 and 166A of SEBI (ICDR) Regulation, we are issuing this addendum report regarding pricing of shares based on the International Valuation Standards and Article of Association of the company.

A. Valuation Methodology as per International Valuation Standards:

Our analysis of value of the company, SHFL is based on the International Valuation Standards and the prescriptions laid down in Companies (Registered Valuer's and Valuation) Rules, 2017.

Some of the key procedures in carrying out the valuation engagement are:

- Understanding the nature and purpose of the transaction.
- Selection of the most appropriate valuation base.
- Identifying the premise of value which refers to the conditions and circumstances how asset is deployed.

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- d. Selection of the valuation approach and the corresponding valuation methodology. The standard valuation approaches and methodologies are as below:
- i. **Cost Approach**
 - a. Net Asset Method
 - ii. **Market Approach**
 - a. Market Price Method
 - b. Comparable Companies Multiple Method/ Comparable Company Transaction Method
 - iii. **Income Approach**
 - a. Discounted Cash Flow (DCF) Method
- e. Performing the valuation engagement and arriving at the valuation conclusion

COST APPROACH

1. Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in case where the firm is to be liquidated i. e. it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

Book value is considered important in terms of valuation because it represents a fair and accurate picture of a company's worth. The book value of equity share based on Audited Financial Statement for the year ended on 31.03.2022 is **INR 38.66/-per share** and given as under:

Particular	Amount (Rs. In Lacs)
Book Value of Assets	15,326.03
(A)	15,326.03
Book Value of Liabilities	15,326.03
Less: Paid up Capital	1,658.22
Less: Reserves & Surplus	4,751.63
(L)	8,916.18
Net Value of Assets (A-L)	6,409.85
No. of Equity Shares as on 31-03-2022	1,65,82,229
Value of Equity Share (Rs.)	38.66



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MARKET APPROACH

1. Market Price Method

Under the Market Price method, a Valuer considers the traded price observed over a reasonable period while valuing assets which are traded in the active market. For this purpose, one considers the market where the trading volume of asset is the highest when such asset is traded in more than one active market. The valuation standards also prescribe that the Valuer should use average price of the asset over a reasonable period and use a weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.

It is also important to note that as a listed company, pricing of the company for the purpose of preferential allotment of Equity Shares is governed by the 'pricing guidelines' in Regulation 164 of the Securities and Exchange Board of India (ICDR) Regulations, 2018.

In terms of Regulation 164 of SEBI (ICDR) Regulation, 2018, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

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

PRICING OF EQUITY SHARES TO BE ISSUED ON PREFERENTIAL BASIS AS PER REGULATION 164 AND 166A OF SEBI (ICDR) REGULATION, 2018

	Particular	Total No. of Traded Shares	Total Traded Value	Volume Weighted Average Price
A	90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date i.e., 16-06-2022	3892588	426539985	109.58
B	10 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date i.e., 16-06-2022	377391	49920277	132.28
Minimum Price of Equity Shares (Higher of A and B above)				132.28



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The Detailed data of trading days for computation of volume weighted average price of equity shares are given as **Annexure – A** to our original report dated 17.06.2022.

2. Comparable Companies' Multiple Method ('CCM')

Under CCM the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies to a company's operating metrics. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

The Company is engaged in housing finance business. In present case, we have considered the appropriate Price/Book Value Multiple of listed peers engaged in same industry as that of the Company to arrive at fair value of its equity shares.

CALCUATION OF VALUE PER SHARE BASED ON PRICE TO BOOK VALUE		
Sr. No.	Name of the Company	Price to BV as on 31.03.2022
1	Coral India Finance & Housing Ltd	1.20
2	SRG Housing Finance Ltd	1.74
3	India Home Loans Ltd	1.19
4	GIC Housing Finance Ltd	0.52
Average of Price to BV of all the companies (A)		1.16
Book Value (B)		38.66
Value per share (A*B)		44.94

(Source: <https://trendlyne.com/>)

3. Comparable Companies' Transaction Method ('CTM')

Under CTM the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.



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Registered Valuer (SFA)

Based on our discussion with the Management, we understand that there are no recent comparable transactions involving companies of similar nature and having a similar metrics as that of SHFL, we have therefore not used CTM method.

INCOME APPROACH

1. Discounted Cash Flows ('DCF') Method

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

The income approach is applied and afforded significant weight under the following circumstances:

- (a) the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- (b) reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparable.

In the present case, since the company is a listed company into Housing Finance Sector, we have not considered DCF method under Income Approach for current valuation exercise, as we can better determine the value of the company through the market approach.

Valuation Conclusion

The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, key underlying assumptions and limitations were given due consideration.

In order to assess the reasonableness of the value determined under each method, we have considered appropriate factors such as applicable nature of asset to be valued, availability of adequate inputs or information underlying the value and its reliability, premise of value, purpose and intended use of the valuation, amount of dependency on observable inputs and other relevant factors.

In light of the aforesaid and after taking into consideration the principles of valuation that one would have to consider to value the equity shares of the Company, we have derived value as per Net Asset Value Method ('NAV) under Cost Approach, CCM method and Market



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Price method under Market approach and assigned equal weights to each method arrive at fair value of shares of the Company.

Particulars	Weights	Price per share (INR)
COST APPROACH		
Net Asset Method	33.33	38.66
MARKET APPROACH		
Market Price Method	33.33	132.28
Comparable Companies Multiple Method	33.33	44.94
INCOME APPROACH		
Discounted Cash Flow (DCF) Method	0	0
Weighted Average Price		71.96

On the above basis of the foregoing, the fair value of equity shares of SHFL is arrived at INR 71.96 per share.

B. Valuation Methodology as per Article of Association of the company:

The Company has provided us with the AOA of the company and on review of the same we have ascertained that the Articles of Association of the company does not specify any particular method to be followed for valuation in case of a preferential issue of shares.

C. Conclusion

Based on the valuation exercise carried out by us in terms of the methodology identified above, the price shall be the highest of:

Sr. No.	Particulars	Price per share (INR)
1	Valuation as per Regulation 164 (1) of SEBI (ICDR) Regulation	132.28
2	Valuation as per Internationally Accepted Methods	71.96
3	Valuation as per Article of Association	NA



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Based on the above, the floor price for the preferential issue as per regulation 166A of SEBI (ICDR) Regulation, 2018 shall be **INR 132.28 per share**.



A handwritten signature in black ink, appearing to read "Shreyansh M Jain", written over a horizontal line.

Date: 08-07-2022

Place: Surat

SHREYANSH M JAIN

CP No.: ICSIRVO/SFA/38

IBBI R. No.: IBBI/RV/03/2019/12124