

Report on share exchange ratio between shareholders of

Franklin Industries Limited ("Transferor Company")

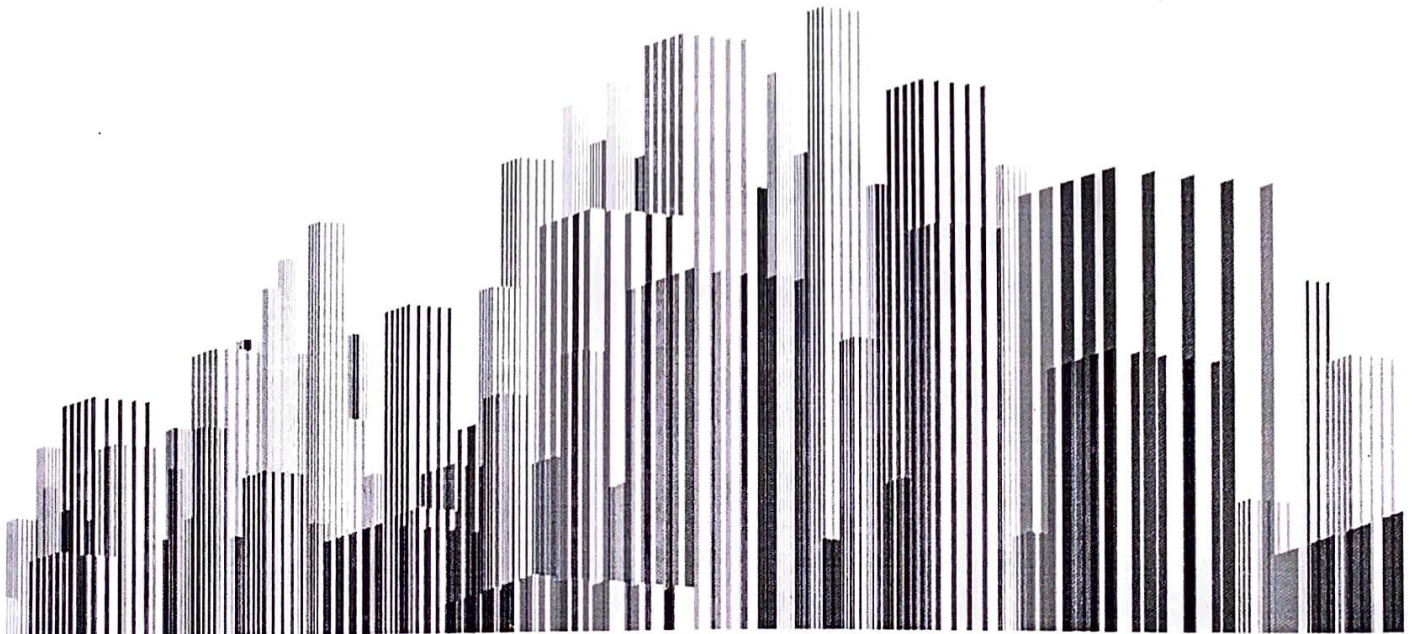
and

Aphrodite Industries Limited ("Transferee Company")

Pursuant to separation of

Jewellery division of Franklin Industries Limited ("Demerged Undertaking")

U/s 230 to 232 of The Companies Act, 2013



VIKASH GOEL

CA, CFA, MS Finance, MBA, IIM-C
Registered Valuer
Regn. No. IBBI/RV/01/2018/10339

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Franklin Industries Limited
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The Board of Directors
Aphrodite Industries Limited
421, 4th Floor, Swaminarayan Plaza,
Nr. Gokulesh Petrol Pump,
Aslali Road, Narol,
Ahmedabad, Gujarat – 382405

Sub: Report on number of equity shares to be issued for the proposed separation of Jewellery Division of Franklin Industries Limited and its merger with Aphrodite Industries Limited.

We have been engaged by the management of Franklin Industries Limited (“The Company” or “Franklin” or “FIL” or “Transferor Company”) for the purpose of assessing the share exchange ratio between Franklin and Aphrodite Industries Limited (“Aphrodite” or “AIL” or “Transferee Company”), jointly, “the Companies”.

It has been proposed to demerge and transfer the Jewellery Division (“Demerged Undertaking”) from FIL into AIL as a going concern (“Transaction”). The proposed separation will be on going concern basis and by way of offer of shares of AIL to the shareholders of FIL in the ratio of their present equity holdings. For this purpose, an exercise has been undertaken to estimate the fair market value of the equity shares of AIL and Jewellery Division of FIL and to decide the number of shares to be issued by AIL against takeover of Demerged Undertaking.

We have relied on the financial statements and other documents given by the management of FIL and have not assessed the merits or legality of the transaction. Our report is not some advice on the transaction and should not be used as the basis of investment. In case of material changes in the financial statements or financial position of any of the companies, the values may change significantly. Our valuation conclusion will not necessarily be the price at which actual transaction will take place.

Based on the information provided by the management, we hereby confirm that we have arrived at the “Fair Value” (“Valuation” or “Value”) of the Demerged Undertaking and AIL as on March 31st, 2021. Based on our assessment, AIL may issue and allot 50 (Fifty) Equity Share of Rs.10/- each credited as fully paid up for every 100 (Hundred) Equity Shares of Rs.10/- each credited as fully paid up held by the shareholders of FIL as of the Valuation Date. The detailed valuation report including computation of fair value has been attached in subsequent pages.

Regards




Vikash Goel

(Regd. No.: IBBI/RV/01/2018/10339)

Date: 29-Apr-2021 | Kolkata

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Purpose of engagement

The management of FIL and have shared a draft Scheme of Amalgamation that provides for demerger and transfer of the Jewellery Division (Demerged Undertaking) from FIL into AIL as a going concern pursuant to Section 230 to 232 and other relevant provisions of the Companies Act, 2013 and other statutory requirements.

Based on the draft scheme of arrangement shared with us, the scheme of arrangement envisages demerger of Jewellery division of FIL in favour of another company namely AIL which is also a Jewellery Trading company.

- FIL intends to develop/restructure its two businesses to achieve optimum growth and development of both the business separately and to have separate concentrated focus on both the Jewellery and Agricultural Commodity.
- AIL is a newly incorporated company desirous of engaging in the business of Trading of Jewellery and is empowered by the objects clause of its Memorandum & Articles of Association to undertake the business of Trading of Jewellery. AIL is planning to expand its business operations and is desirous of expanding in various Jewellery activities. In future AIL will also go for listing.
- The nature of risk and competition involved in both the Divisions of FIL are divergent and consequently each Division is capable of attracting different sets of investors. Moreover, the activities which have been so far carried out by FIL, have potential for growth and development, and require large infusion of funds and require undivided care and attention. Therefore, both the businesses need separate set of directions and investment for development, expansion and optimum growth of their respective businesses and maximization of shareholders' value.
- Agricultural Commodity Trading carried out at Commodity Division is the core business of FIL which needs special attention of the Management to seize the new opportunities which this segment offers. To be competitive and maintain its market share in domestic, it is necessary to improve operational and administrative efficiency and create the requisite infrastructure for obtaining good business. The scheme for separation of Jewellery Division of FIL will lead to better and more efficient management of its core Agricultural Commodity activity having better focus and undivided attention in the best interests of its stakeholders.
- The proposed scheme will enable AIL to undertake Jewellery business currently being carried out by FIL, under separate umbrella of management having greater focus and attention in an efficient manner. Furthermore, AIL will avoid the gestation period involved in acquiring and developing new ventures.
- The proposed scheme will enable AIL to effectively raise financial resources through equity and debt capital on the basis of financial assets for better operation and greater realization of the potential of AIL Jewellery business.
- In view of the aforesaid and in order to develop / restructure the business carried on a stand-alone basis without encumbering the Commodity business of FIL, it is considered desirable and expedient to reorganize and reconstruct FIL by transferring the Jewellery Division to AIL.
- The scheme will have beneficial results for both the companies, their shareholders and all concerned.

The valuation of shares is done on the basis of internationally accepted pricing methodology on arm's length basis. Given the above requirement, management of FIL has requested us to compute and conclude the fair share exchange ratio between FIL and AIL.

Background of Valuation

The Companies Act, 2013,

Chapter XV, Compromises, Arrangements and Amalgamations

[Power to Compromise or Make Arrangements with Creditors and Members.

230 (2) The company or any other person, by whom an application is made under subsection (1), shall disclose to the Tribunal by affidavit—

... (c) any scheme of corporate debt restructuring consented to by not less than seventy-five per cent. of the secured creditors in value, including—

... (v) a valuation report in respect of the shares and the property and all assets, tangible and intangible, movable and immovable, of the company by a registered valuer.

SEBI

SEBI Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Subrule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 number

SEBI/HO/CFD/DIL1/CIR/P/2020/249 December 22, 2020 states the following (extracts):

Part I, (A) Para 4: Valuation Report;

All listed entities are required to submit a valuation report from a Registered Valuer.

"For the purpose of this clause, the Registered Valuer shall be a person, registered as a valuer, having such qualifications and experience and being a member of an organization recognized, as specified in Section 247 of the Companies Act, 2013 read with the applicable Rules issued thereunder.



About the Valuer

Vikash Goel (the "Valuer"), is Registered Valuer having Registration No. IBBI/RV/01/2018/10339. The Valuer is registered with the Insolvency and Bankruptcy Board of India to undertake the Valuation of Securities and Financial Assets of the Companies.

Vikash is a Chartered Accountant (Fellow member of ICAI), CFA (ICFAI) and holds MS Finance and MBA in HR. He is also an alumnus of St Xavier's College, Kolkata and hails from Indian Institute of Management Calcutta (IIM-C). Vikash has extensive experience of close to 15 years spanning across Industry and Consulting and has worked with companies like PwC, EY, ICA and Zacks Research in India and Canada.

Vikash has conducted valuation across a variety of spectrum including but not limited to Angel fund raising, Private equity exit, Private Placement, Valuation of shares under Income Tax, Investment advisory around valuation of shares, mutual funds, hedge funds and derivatives and has been exposed to global valuation and business modelling practices for companies.

Disclosure of valuer interest or conflict

We hereby confirm that the valuer is suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation under this engagement. The valuer accepts instructions only from the appointing authority or eligible instructing party with respect to the valuation engagement.

We have no present or planned future interest in the company or its group companies, if any and the fee payable for this valuation is not contingent upon the value reported herein.

Appointing Authority

We have been appointed by the Management of Franklin Industries Limited to arrive at the share exchange ratio between shareholders of FIL and AIL. The management of FIL has confirmed that it is authorised to provide relevant information about AIL and appoint us for the purpose of identifying the Share Exchange Ratio between the two companies. This appointment is based under rules prescribed by The Companies Act, 2013 and SEBI as mentioned under the Purpose of Engagement.

Key dates

Appointment Date: We have been appointed by the management vide letter dated 23-Apr-2021.

Valuation date: The valuation exercise has been performed based on the information available to us as of 31-Mar-2021. The share exchange ratio based on fair value should be considered to the value as on this date.

Date of report: Our valuation report has been submitted as of 29-Apr-2021 (Updated subsequently based on Stock Exchange queries).



Background Information about the Companies

Franklin Industries Limited

CIN	L74110GJ1983PLC092054
Earlier Name	Murad Properties & Projects Limited
Date of Incorporation	8-Feb-1983
PAN	AACCM1898B
Registered Address	708, Scarlet Business Hub, Opp. Ankur School Near Mahalaxmi Panch Rasta, Fatehnagar, Paldi, Ahmedabad, Gujarat 380007
Listing status	Listed
Directors	Alpesh Maheshbhai Gupta Nitaben Rabari Balabhai Bhurabhai Maguda
Authorised Share Capital	INR 5,00,00,000
Paid up Share Capital	INR 3,61,50,000

[Source : Annual Report 2020, BSE India]

FIL is primarily engaged in two lines of business through separate divisions as follows:

- Jewellery Division - The company is engaged in Manufacturing, trading of Gold and Silver Jewellery. This division works generally for the non-government sector.
- Agricultural Commodity Division – This Division of the Company is engaged in the Agro Business and Trading of Agricultural Commodity in Domestic Market. The Agricultural Commodity business is the core activity of the company.

Aphrodite Industries Limited

CIN	U36990GJ2017PLC095948
Date of Incorporation	23-Feb-2017
PAN	AAPCA2211D
Registered Address	421, 4th Floor, Swaminarayan Plaza, Nr. Gokulesh Petrol Pump, Aslali Road, Narol, Ahmedabad, Gujarat – 382405
Listing status	Listed
Directors	Mukund M Shah Neetaben Mahesh Kumar Shah Mahesh Jayantilal Shah
Authorised Share Capital	INR 5,00,00,000
Paid up Share Capital	INR 4,80,00,000

[Source : Annual Report 2020]

AIL is an unlisted company and is carrying on the business of Manufacturing and Trading of Jewellery.

Inspections and Investigations

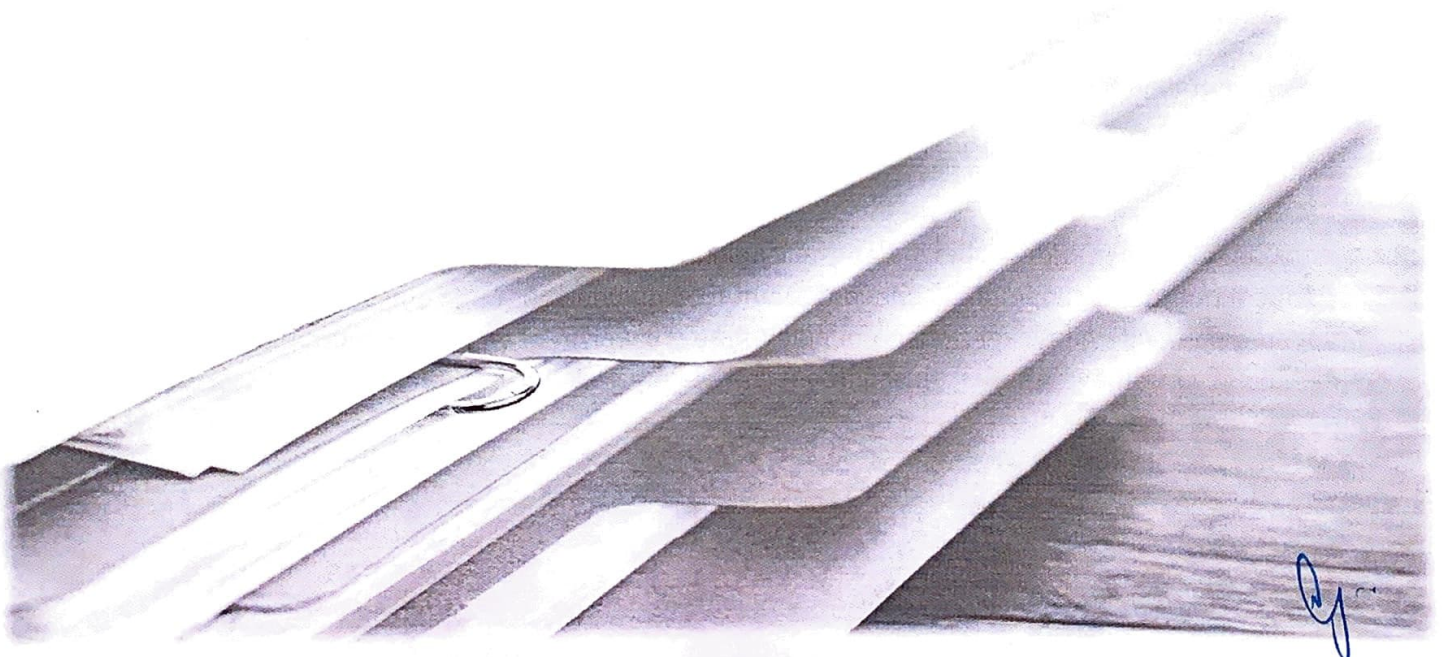
The Valuation is being done as on the Valuation Date considering the information and documents produced before us for the purpose of ascertaining the share exchange ratio. We have relied on accuracy and completeness of all the information and explanations provided by the management of FIL. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have received representations from the management of FIL and have accordingly assessed the fair value. We believe that given the nature of the valuation and the underlying reports made available to us, it is plausible to carry out such valuation.

Sources of Information

In connection with the preparations of this Valuation Report, we have received the following information from the management of the Companies.

- Brief received from the management of FIL about the companies' background.
- Audited Financial Statement as on 31st March 2020 & 31st March 2019 of FIL and AIL.
- Audited Financial Statements of AIL and FIL (along with divisional FS) as on 31st March 2021.
- Draft Scheme of Arrangement
- Details of the assets and liabilities of the Jewellery Division of FIL (Demerged Undertaking)
- Details of state of affairs as represented by the management as on the valuation date.
- We have also accessed public documents as available from external sources such as MCA, BSE, Annual Reports, to better understand and assess the value of the business.
- Market / industry information.

We have also obtained explanations and information considered reasonably necessary for our exercise from the executives and representatives of the Companies. The management of FIL have been provided with the opportunity to review the draft Valuation Report (excluding the recommend swap ratio) for this engagement to make sure that factual inaccuracies are avoided in our final Valuation Report.



Caveats, limitations and disclaimers

- 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. The management of the Company are the only authorized user of this report and is restricted for the purpose indicated in the report. This restriction does not preclude the Appointing Authority from providing a copy of the report to its internal stakeholders on a need-to-know basis, auditors, regulators and third-party advisors whose review would be consistent with the intended use. Our 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. We do not take any responsibility for the unauthorized use of this report.
- 2. Purpose:** 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.
- 3. No advice towards investment or on transaction:** Our Valuation report should not be construed as advice for the transaction. Specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction as stated in the purpose of engagement. We express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion. We would not be responsible for the decision taken by anybody based on this report.
- 4. Responsibility of Registered Valuer:** We owe responsibility to only to the appointing authority that has appointed us under the terms of the engagement. 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, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents. In any case, our liability to the Appointing Authority or any third party is limited to be not more than 50% of the amount of the fee received by us for this engagement.
- 5. 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 clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the appointing authority/management.
- 6. 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.



7. **Post Valuation Date Events:** 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. 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. 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. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the Valuation Date.
8. **Range of Value Estimate:** The valuation of companies and assets 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 no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the engagement's requirements, we have provided a single value/ range of value for the overall Fair Value of the assets of the Company, derived based on appropriate approaches. Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
9. **No Responsibility to the Actual Price of the subject asset:** The actual market price achieved may be higher or lower than our estimate of value/value range depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price or share exchange ratio.
10. **Reliance on the representations of the management and other third parties:** 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. The 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 management and other third parties concerning the financial data, operational data except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.



11. **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.
12. **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 companies/business/assets will be managed in a competent and responsible manner. This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion. Further, unless 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 us.
13. **Multiple factors affecting the Valuation Report:** The valuation report is tempered by the exercise of judicious discretion by us, 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.
14. **Questions, Appearances or Testimony in courts/ tribunals/ authorities:** Our engagement is limited to preparing the report to be submitted to the management. We shall not be liable to provide any evidence for any matters stated in the report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report. However, in case we are required to appear before any regulatory authority as per law, 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.
15. **Fees and Independence:** We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid/to be paid for our services in no way influenced the results of our analysis.



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Valuation

The valuation exercise is aimed at the assessment of the Fair Value of AIL and The Demerged Undertaking and arrive at the Share Exchange Ratio. We are required to arrive at the above valuations based on internationally accepted valuation practices.

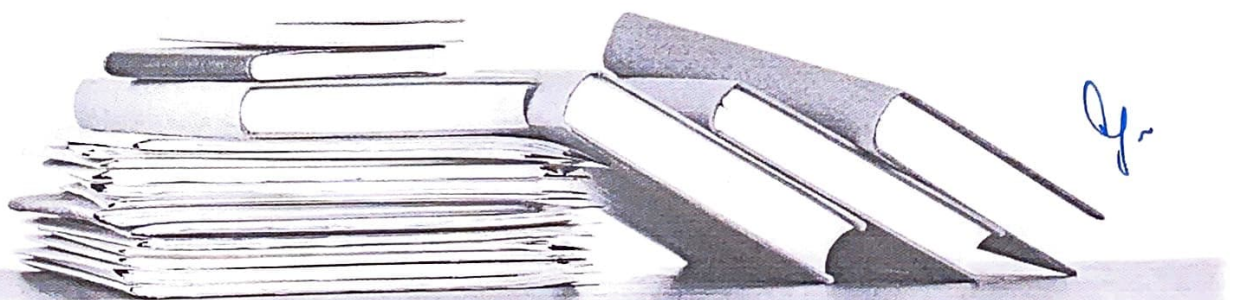
The **Fair Value (FV)** is defined as *'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.'*
The above definition is endorsed by RICS appraisal Manual, Ind AS 113, IFRS 13 and Valuation Standards.

Valuation Bases and Premise

ICAI valuation Standards 102 prescribes three bases of value viz;

- **Fair Value:** 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.
- **Participant Specific Value:** Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.
- **Liquidation Value:** Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated / assumed. It may be orderly liquidation or forced sale.

Our assessment is based on the information given to us. Considering the purpose of valuation, we have considered the premise of value to be Going Concern. Accordingly, the basis of valuation is Fair value. However, Since the management of the two companies have already shared their intent towards the scheme of arrangement given their respective strategic advantages. Therefore, it is possible that others may assign a different value to the companies as compared to what has been arrived at by us.



Approach and Methodology

Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

There are several internationally accepted and commonly used pricing methodologies for determining the fair value such as:

Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. Market approach may be applied where the asset to be valued or a comparable or identical asset is traded in the active market; there is a recent, orderly transaction in the asset to be valued; or there are recent comparable orderly transactions in identical or comparable asset(s) and information for the same is available and reliable.

Value under this method is computed based on historical average of market price quotations of assets or of comparable assets on exchanges or over the counter transactions. The common methods under Market Approach involves

- Market Price Method which considers the prices of assets on exchanges over a reasonable period.
- Comparable Companies Multiple (CCM) Method involves valuing an asset based on market multiples derived from prices of market comparables traded on active market.
- Comparable Transactions Method (also known as 'Guideline Transaction Method') involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued / market comparables (comparable transactions). It generally includes control premium, except where transaction involves acquisition of noncontrolling / minority stake.

The approach is based on the principle that '*comparable transactions/market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation*'. The relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The commonly used trading multiples in pricing analysis are Enterprise Value (EV) to Sales ratio (EV/Sales) or Market Capitalization / Sales ratio, Enterprise Value to EBITDA ratio (EV/EBITDA), and Price Earnings ratio (P/E ratio). This method is relevant where separate set of buyers and sellers are involved.

Income Approach

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

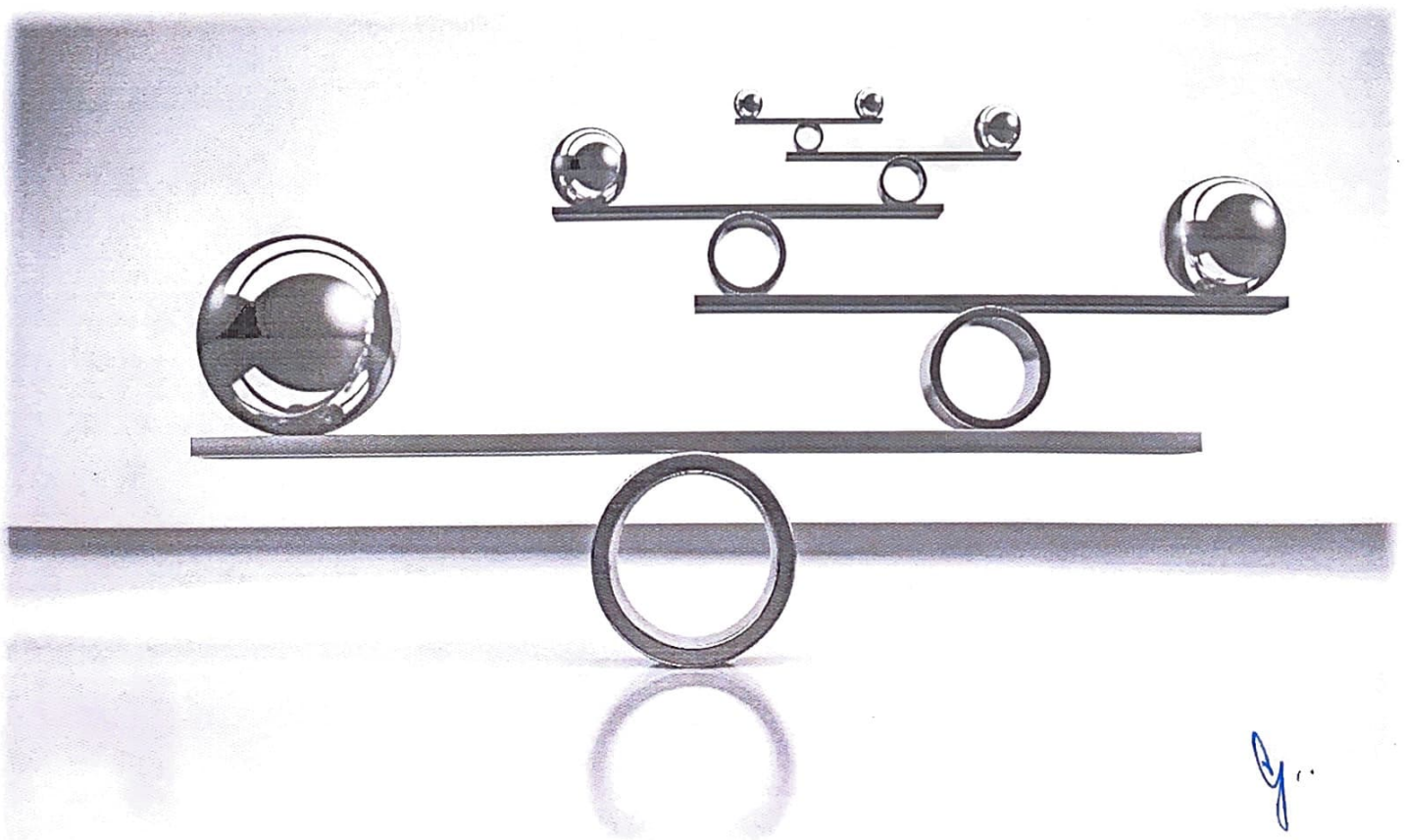


Value of the business using Income approach is estimated based on the earning capacity of the entity or net present value of cash flows earned from the business. Profit Earnings Capacity Value (PECV) Method or Discounted Cash Flow (DCF) Method is used to estimate the value of the entity using Earning Approach. Whereas DCF Method estimates the value of business by the cash flows which are forecasted to be earned in future, PECV method capitalizes future maintainable profits (based on past trends and expected change in business activities) to estimate the value of the business.

Cost Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). It is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility.

Value of a business entity using Cost Approach is estimated using either replacement value or realizable value. The net asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.



Valuation Rationale

Jewellery Division (Demerged Undertaking)

Based on the discussions with the management and our own assessment, we could not identify suitable comparable listed companies which could be compared against the Jewellery division of FIL. Further, we observed that FIL itself has not experienced reasonable trading in the stock market. Accordingly, in the absence of historical prices of the companies or transactions with comparable listed companies, we have not applied Market Approach to valuation.

While past working results do not indicate true potential of these companies, financial forecasts for a longer term (say five years) also cannot be reliably drawn at this stage of business restructuring. Besides, the management was not able to share any forecasted financial statements or estimate the future cash flows of the Demerged Undertaking. We have therefore not used the Income approach for valuation.

Under the Cost Approach, we have adopted Net Asset Value approach for both the Demerged Undertaking and AIL, where value is based on the Value of assets, net of liabilities as recorded on the balance sheet of the respective companies.

In case of Property, Plant & Equipment (PP&E), the company did not appoint any separate valuer to value such PP&E. The value of PP&E (in this case Gold Jewellery) is beyond the scope of our engagement and the absence of any information towards changes in value of PP&E, we have valued them at Cost i.e. value at which they appear on the Balance Sheet. We have not tested the title of the assets and have not confirmed if the assets belong to the management. Such tests were beyond the scope of our engagement. Based on Management representations, we have assumed that all Other Assets and Liabilities as appearing on the Balance Sheet of the Demerged Undertaking are good and have assessed them at Book values. We understand from the management that there are no material off balance sheet items that require valuation or may affect the valuation of the Demerged Undertaking materially.

Summary Profit & Loss Statement (in INR)	31-03-21	31-03-21	31-03-21
	Total	Jewellery	Commodity
Revenue from Operations	15,01,70,281	14,02,63,444	99,06,837
Other Income	15,45,093	9,27,000	6,18,093
Total Revenue	15,17,15,375	14,11,90,444	1,05,24,930
Purchase Stock-in-trade	13,14,77,200	12,23,10,200	91,67,000
Changes in Inventories of Stock-in-trade	1,86,10,536	1,86,10,536	-
Employees Benefit Expenses	6,89,000	4,50,500	2,38,500
Other Expenses	1,18,065	-	1,18,065
Finance Cost	26,038	-	26,038
Depreciation	2,55,878	1,26,085	1,29,793
Total Expenses	15,11,76,717	14,14,97,321	96,79,396
Profit before tax	5,38,658	-3,06,876	8,45,534
Tax Expense	1,34,664	1,34,664	
Profit /Loss for the periods	4,03,994	-4,41,540	8,45,534

Summary Balance Sheet (in INR)	31-03-21		
	Total	Jewellery	Commodity
Equity & Liabilities			
Share capital	3,61,50,000	-	3,61,50,000
Other Equity	25,15,025	-	25,15,025
Shareholders Fund	3,86,65,025	-	3,86,65,025
Non-Current Liabilities			
Long-term Borrowings	-	-	-
Deferred Tax Liabilities	1,93,925	-	1,93,925
Total Non-Current Liabilities	1,93,925	-	1,93,925
Current Liabilities			
Sundry Creditors	-	-	-
Short term Borrowings	-	-	-
Trade Payables	2,40,23,226	1,98,52,208	41,71,018
Other Current Liabilities	-	-	-
Short term Provisions	5,09,132	-	5,09,132
Total Current Liabilities	2,45,32,358	1,98,52,208	46,80,150
Total Liabilities & Equity	6,33,91,308	1,98,52,208	4,35,39,100
Assets			
Non-Current Assets			
Fixed Assets - Tangible	43,58,488	21,47,660	22,10,828
Fixed Assets - Intangible	-	-	-
Non-Current Investments	-	-	-
Other Non-Current Assets	-	-	-
Long-term Loans & Advances	2,08,50,037	83,50,000	1,25,00,037
Total Non-Current Assets	2,52,08,525	1,04,97,660	1,47,10,865
Current Assets			
Trade Receivables	3,41,83,192	2,91,56,715	50,26,477
Inventories	-	-	-
Cash & Cash equivalents	18,86,424	10,157	18,76,267
Short-term Loans & Advances	19,84,800	-	19,84,800
Other Current Assets	1,28,367	15,349	1,13,018
Total Current Assets	3,81,82,783	2,91,82,221	90,00,562
Total Assets	6,33,91,308	3,96,79,881	2,37,11,427

Valuation of Demerged Undertaking

Particulars	Amount (INR)
Total Assets	3,96,79,881
Less: Total Liabilities	1,98,52,208
Net Asset Value	1,98,27,673
Number of shares	36,15,000
Value per Share	5.48

Aphrodite Industries Limited

Since AIL is a privately held company, we were not able to apply Market Approach to valuation in the absence of trading prices or credible comparable companies given the size and nature of operations of AIL.

We observed that AIL is primarily in trading business and earned a Net Profit Margin of 0.3 percent. The majority of its revenues are offset by the purchase expenses. The management was not able to provide a reasonable forecast towards Revenues, Profits or Cash flows. We did not get any meaningful information to enable application of Income Approach to valuation of AIL

We have applied the Book Value Method to value AIL and all the assets and liabilities have been valued at book values. We did not get sufficient information about the details of PP&E, Investments (Shares) and Inventories. Accordingly, these have been taken at their book values.

We believe that in the context of the said scheme of arrangement, the application of the above valuation approach may be plausible. However, it is possible that others may assign a different value to the Demerged Undertaking or AIL given the specific circumstances of the case.

Summary Profit & Loss Statement (in INR)	31-03-21	31-03-20
Revenue from Operations	45,08,84,092	53,04,83,492
Other Income	8,29,373	5,03,870
Total Revenue	45,17,13,465	53,09,87,362
Purchase Stock-in-trade	44,92,52,656	52,80,46,728
Employees Benefit Expenses	2,40,000	5,40,000
Other Expenses	1,78,475	3,82,929
Finance Cost	31,817	7,073
Depreciation	2,38,642	3,00,934
Total Expenses	44,99,41,590	52,92,77,664
Profit before extraordinary items	17,71,875	17,09,698
Extraordinary Items		
Profit before tax	17,71,875	17,09,698
Tax Expense	4,52,983	4,29,281
Profit /Loss for the periods	13,18,892	12,80,417

Summary Balance Sheet (in INR)	31-03-21	31-03-20
Equity & Liabilities		
Share capital	4,80,00,000	4,80,00,000
Other Equity	47,86,129	34,67,237
Shareholders Fund	5,27,86,129	5,14,67,237
Non-Current Liabilities		
Long-term Borrowings	2,53,500	59,85,500
Deferred Tax Liabilities	7,415	15,120
Total Non-Current Liabilities	2,60,915	60,00,620
Current Liabilities		
Trade Payables	8,15,37,203	4,03,81,107
Other Current Liabilities		
Short term Provisions	18,86,845	16,98,993
Total Current Liabilities	8,34,24,048	4,20,80,100
Total Liabilities & Equity	13,64,71,092	9,95,47,957
Assets		
Non-Current Assets		
Fixed Assets - Tangible	43,00,388	45,39,030
Non-Current Investments	73,48,709	97,75,815
Total Non-Current Assets	1,16,49,097	1,43,14,845
Current Assets		
Trade Receivables	4,03,75,284	4,11,57,692
Inventories	3,93,45,044	86,25,014
Cash & Cash equivalents	14,80,849	3,38,504
Short-term Loans & Advances	4,21,18,294	3,44,70,100
Other Current Assets	15,02,524	6,41,802
Total Current Assets	12,48,21,995	8,52,33,112
Total Assets	13,64,71,092	9,95,47,957

Valuation of ALL

Particulars	Amount (INR)
Total Assets	13,64,71,092
Less: Total Liabilities	8,36,84,963
Net Asset Value	5,27,86,129
Number of Shares	48,00,000
Adjusted Net Asset Value per Share	11.00

Share Exchange Ratio

Calculation of the no. of shares to be issued to the Equity Shareholders of FIL is given below:

	Franklin Industries Limited (Jewellery Division)		AIL	
	Value Per share	Weight	Value per Share	Weight
Asset Approach	5.48	100%	11.00	100%
Income Approach <i>(Note 1)</i>	N/A	0%	N/A	0%
Market Approach <i>(Note 2)</i>	N/A	0%	N/A	0%
Relative Value Per Share	5.48		11.00	
Exchange Ratio (Rounded off)	0.50 i.e. 50 Equity Shares of AIL for every 100 Equity Shares held in FIL			

Footnote: Reason for not using specific methods of valuation

Note 1: As per the management, financial forecasts for a longer term (say five years) also cannot be reliably drawn at this stage of business restructuring. Besides, the management was not able to share any forecasted financial statements or estimate the future cash flows of the Demerged Undertaking. We have therefore not used the Income approach for valuation of demerged undertaking. AIL's management was not able to provide a reasonable forecast towards Revenues, Profits or Cash flows. We did not get any meaningful information to enable application of Income Approach to valuation. Hence Income approach has not been applied for valuation.

Note 2: We could not identify suitable comparable listed companies which could be compared against the Jewellery division of FIL. Further, we observed that FIL itself has not experienced reasonable trading in the stock market. Accordingly, in the absence of historical prices of the companies or transactions with comparable listed companies, we have not applied Market Approach to valuation. AIL is privately held and does not have a history of trading prices. Further, based on discussions with the management and our own assessment, we were not able to identify credible comparable traded/listed companies. Accordingly, Market Approach has not been applied.

Summary:

AIL may issue 50 (Fifty) Equity Shares of Rs.10/- each credited as fully paid up for every 100 (Hundred) Equity Shares of Rs.10/- each credited as fully paid up held by the shareholders of FIL.

Fractional shares, if any, arising on allotment of shares shall be rounded off to the next nearest integer and issued and allotted to the shareholders of FIL by AIL. Balance, if any, may be settled by way of payment in cash to the extent of the fractional entitlements of the Equity Shares.

--- End of Report ---

