

**Valuation Report
for
Issue of Equity Shares
of
Akara Capital Advisors Private Limited
As on**

June 21st, 2022

**By
Pranab Kumar Chakrabarty
Registered Valuer (Securities and Financial Assets- IBBI)**



June 21st, 2022

Strictly Private and Confidential

Akara Capital Advisors Private Limited

60, Third Floor, Arjun Nagar,
Kotla Mubarakpur,
New Delhi-110003,
India

Dear Sir,

Sub - Valuation of Equity Shares of Akara Capital Advisors Private Limited

In response to the engagement between R.N. Marwah & Co LLP, a Chartered Accountants firm, on behalf of Akara Capital Advisors Private Limited (hereinafter referred to as "Company") and Pranab Kumar Chakrabarty, Registered Valuer- IBBI ("Valuer"), Valuer has performed a valuation analysis of the Company to determine the fair value of equity shares of the Company for issue of additional shares.

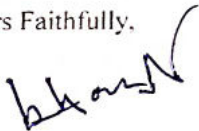
The sole purpose of this report is to assist the Company in determining the fair value of equity shares of the Company.

Our work did not constitute an audit or due diligence exercise.

Based on the Scope and limitations of work enumerated in Section 3, Sources of Information enumerated in Section 4, Valuation methodology discussed in Section 5 and Calculations in Section 6 of the above-mentioned report and the explanations therein, the fair value of one equity share of the Company having face value Rs. 10/- each of the Company is estimated at **Rs. 16/-** as on 21st June, 2022.

This report has been issued for issue of additional shares in compliance with the requirements of the Companies Act 2013 and rules and regulations framed there under and may not be suitable for any other purpose.

Yours Faithfully,



Pranab Kumar Chakrabarty
Registered valuer (Securities and Financial assets- IBBI)
Regn. No. IBBI/RV/05/2019/10780
UDIN No. 2208614ZZDDNGHV4LO



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1. Background

M/s Akara Capital Advisors Private Limited (hereinafter referred to as "Company"), is an unlisted company incorporated on 11th February, 2016, registered at Registrar of Companies, Delhi with vide CIN-U74110DL2016PTC290970 and having its registered office address situated at 60, Third Floor, Arjun Nagar, Kotla Mubarakpur, New Delhi-110003, India. The Company is involved in the business activities related to loan disbursement & digital lending.

2. Basis of valuation

The Valuation has been prepared on the basis of the principle of "**Discounted Free Cash Flow (DCF) Value Method**" which is the present value of future cash flows of a security instrument for its life time as per its terms of issue, assuming the business as a going concern.

3. Scope and limitations of the work

- 3.1 Company and its representatives have appointed the Valuer to determine fair value of Equity Shares of the Company through Discounted Cash Flow method for the purpose of issuing additional shares.
- 3.2 The **Valuer** has not independently verified any of the information based on which the Report ("**Report**") is prepared.
- 3.3 The **Valuer** has considered financial data as of 31st March 2022 as proxy for the Valuation date of 21st June 2022 on confirmation from the client that no material event affecting the value has happened with the time frame.
- 3.4 The **Valuer** has carried out a desktop review of the financial information provided by the Management. This financial information and underlying assumptions also form part of representation letter signed by the Company. This information has been solely relied upon by the **Valuer** for the valuation of the Equity Shares of the Company for the purpose mentioned above in para 3.1
- 3.5 Our work does not constitute an audit of the financial statements and accordingly, we do not express any opinion on the true and fair nature of the financial position as indicated in this Report. Our work does not entail confirming the financial statements of Company, and accordingly, we do not express any opinion on the same.
- 3.6 For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Company. We have not independently verified the accuracy of the same.
- 3.7 The **Valuer** won't be responsible for updating this Report because of events or transactions occurring subsequent to the date of this Report.



4. Sources of information

This Report is prepared on the basis of the sources of information as follows:

- 4.1 Management Representation Letter dated 20th June, 2022.
- 4.2 Management certified Financials of Company as at 31st March 2022 (Annexure 1).
- 4.3 Management Certified Projected Financials of Company for FY23 to FY27 (Annexure 2).
- 4.4 Management estimates the following:
 - a. Weighted average cost of capital (WACC) - 21%
 - b. Terminal Long-term Growth Rate - 4%

5. Discounted Cash flow Method

The DCF method is one of the most scientific methods amongst all the valuation methods under Income Approach in terms of conceptual framework. As per this method, equity value is defined as the present value of future cash flows that is available to all the equity holders of the Company.

The value so derived is not impacted by accounting practices as it is based on cash flows and not book profits. Further, DCF method incorporates all factors relevant to the business. The future free cash flows are derived considering, inter alia, the changes in the working capital and investments in capital expenditure. They are an aggregation of the free cash flows during the explicit forecast period, estimated using an appropriate method, and are available to all the providers of the company's capital.

In the present case, we have used the projected working results that have been provided to us by the Company.

6. DCF of the Company

Using the Discounted Cash Flow Method described above, we have arrived at the following analysis:

STATEMENT SHOWING VALUE PER EQUITY SHARE BASED ON DISCOUNTED FREE CASH FLOW METHOD

	<i>all figures in '000</i>
PV of FCFF	2,454,124
PV of TV	3,731,654
DCF Value of Enterprise	6,185,778
Less : Debt	3,382,166
Add: Cash & Cash Equivalent	593,037
Total Equity Value	3,396,649
Total Equity Value with '000	3,396,648,716
Shares outstanding	211,190,519
Value per Equity Share	16.00



7. Conclusion

In the light of the above, and on a consideration of all the relevant factors and circumstances, in our opinion, based on the financial statements and the explanations submitted to us by the management and valuation methodology mentioned herein above followed by us, the fair value of one Equity Share having face value of Rs.10/- each of the Company is estimated at **Rs. 16/-** as on 21st June, 2022.

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8. DISCLAIMER

- 8.1 Valuer has not independently verified the accuracy or authenticity of the information or explanations provided by the Company. Valuer has only checked the adequacy of the information and explanations provided to us.
- 8.2 This Report has been issued to estimate fair value of compulsorily convertible debenture by Discounted Cash Flow method. This Report should not be used for any other purpose or distributed to anyone other than the parties to the proposed transaction without our prior written consent.
- 8.3 Our work shall not be constituted as an audit, due diligence exercise or validation of the financial statements of the Company.
- 8.4 As you are aware, by its very nature, valuation work cannot be regarded as an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. In this valuation, it is not the absolute values but the relative values, which are of concern.
- 8.5 Also, the valuation conclusions arrived is by their very nature subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions which have to be made. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.
- 8.6 It may be pointed out that valuations are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimated and the variations may be material.
- 8.7 For the purpose of arriving at the valuation, we have essentially relied on the information provided to us by the Management of the Company and which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all materials respects.
- 8.8 Valuer analysis has based our assessment on information provided by the Company and supplemented by limited industry and financial analysis. While we have endeavored to access and analyze relevant information in the public domain, we are unable to make any representations or give any assurance for the same. Accordingly, while our work has involved an analysis of financial information, our engagement does not include an audit of the existing business records. Further, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the Management.



Annexure - I

Management Certified Financials of the Company as at 31-03-2022.

Akara Capital Advisors Private Limited	
Provisional Balance Sheet as at 31st March' 2022	
Particulars	As at 31st Mar 2022
EQUITY AND LIABILITIES	
Shareholder's funds	
Share capital	2,111,905,190
Reserves and surplus	683,433,549
	2,795,338,739
Share application money pending	-
Non-current liabilities	
Long-term borrowings	3,382,166,665
Deferred tax liabilities (Net)	-
Long-term provisions	2,991,851
	3,385,158,516
Current liabilities	
Short-term borrowings	-
Trade payables	-
(A) Micro enterprises and small enterprises	-
(B) Others	22,031,442
Other current liabilities	104,733,627
Short-term provisions	38,405,390
	165,170,459
TOTAL	6,345,667,714
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	12,631
Intangible assets	55,590,373
Capital work-in-Progress	3,498,876
Deferred tax assets (net)	1,429,235
Long-term loans and advances	-
Other non-current assets	-
	60,531,115
Current assets	
Current investments	-
Inventories	-
Trade receivables	226,870,146
Cash and cash equivalents	593,037,907
Short-term loans and advances	5,143,087,417
Other current assets	322,141,129
	6,285,136,599
TOTAL	6,345,667,714

Akara Capital Advisors Private Limited	
Provisional Statement of Profit and loss for the year ended 31st March	
Particulars	For the period ended 31st Mar' 2022
Revenue:	
Revenue from operations	513,464,866
Other income	1,835,465
Total revenue	515,300,331
Expenses:	
Cost of material Consumed	-
Purchase of stock-in-trade	-
Changes in inventories	-
Employee benefit expenses	28,145,415
Finance costs	187,590,263
Depreciation and amortization expenses	14,731,898
Other expenses	220,788,401
Total expenses	451,255,978
Profit before exceptional, extraordinary and prior period items and tax	64,044,353
Exceptional items	-
Profit before extraordinary and prior period items and tax	64,044,353
Extraordinary items	-
Prior period item	-
Profit before tax	64,044,353
Tax expenses	
Current tax	16,118,683
Deferred tax	(2,842,582)
Excess/short provision relating earlier year tax	-
Profit(Loss) for the period	50,768,252



Annexure -2

Management Certified Projected Financials of the Company for FY 23-26.

4 Year Projected Balance Sheet				
Particulars	Projected	Projected	Projected	Projected
<i>all figures in INR '000</i>	Mar-23	Mar-24	Mar-25	Mar-26
Cash Balance	2,000,000	2,000,000	2,000,000	2,000,000
Current Assets	233,767	324,917	382,345	419,254
Non-current Assets	56,451	52,984	50,036	47,531
Principal outstanding	9,126,472	12,210,311	14,824,950	17,193,110
Total Assets	11,416,690	14,588,212	17,257,331	19,659,894
Debt	8,367,339	11,501,276	14,112,437	16,434,082
Current Liabilities	195,702	179,045	160,773	140,093
Total Liabilities	8,563,041	11,680,321	14,273,210	16,574,176
Paid up capital	2,111,905	2,111,905	2,111,905	2,111,905
Retained Earnings	741,744	795,985	872,216	973,813
Total Equity	2,853,649	2,907,890	2,984,121	3,085,718
Total Liabilities+Equity	11,416,690	14,588,212	17,257,331	19,659,894

Annexure -2

Management Certified Projected Financials of the Company for FY 23-26.

4 Year Projected Profit & Loss Account				
Particulars	Projected	Projected	Projected	Projected
<i>all figures in INR '000</i>	Mar-23	Mar-24	Mar-25	Mar-26
Total Revenue	1,230,352	1,805,093	2,249,090	2,620,335
Interest Expense	554,949	1,142,789	1,445,970	1,681,381
Opex	412,004	397,878	378,290	350,234
Depreciation and Amortization	9,080	8,468	7,948	7,505
NPA	176,573	183,636	315,242	445,752
PBT	77,746	72,321	101,641	135,463
% Revenue	6%	4%	5%	5%
Taxes	19,436	18,080	25,410	33,866
Net Income (PAT)	58,309	54,241	76,230	101,597

