

**FAIRNESS OPINION REPORT ON VALUATION FOR THE
PROPOSED SCHEME OF MERGER BY ABSORPTION**

OF

CHOKSI ASIA PRIVATE LIMITED

WITH

CHOKSI IMAGING LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (IF ANY)

By



Navigant

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22nd March, 2023


SEBI Registered Category I Merchant Banker

SEBI Registration No. INM000012243



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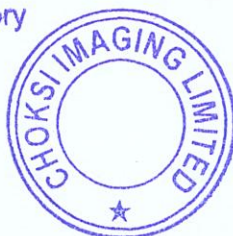
For Choksi Imaging Ltd.


Authorised Signatory

CERTIFIED TRUE COPY

For Choksi Asia Private Limited


Authorised Signatory



Notice to Reader

Navigant Corporate Advisors Limited (“Navigant” / “NCAL” or “Authors of the Report”) is a SEBI registered ‘Category I’ Merchant banker in India and was engaged by Board of Directors of Choksi Imaging Limited (“CIL” or “Transferee Company”) to prepare an Independent Fairness Opinion Report (“Report”) with respect to providing an independent opinion and assessment as to fairness of Valuation Report and Swap ratio determined by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as ‘Valuers’) an Independent Valuers for the purpose of intended proposed Merger of Choksi Asia Private Limited (“CAPL” or “Transferor Company”) into CIL pursuant to a Scheme of Amalgamation under section 230 to 232 and other applicable clauses of the Companies Act, 2013 (“Scheme”). CIL and CAPL are collectively referred as “Companies”.

The Fairness Opinion Report (“Report”) has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Swap ratio (hereinafter referred as Valuation Report) prepared by Valuers on an independent basis as joint valuation report. This report is limited to provide its fairness opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. Neither the Company nor Navigant, nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients’ use of this Report.



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Date: 22nd March, 2023

To,
The Audit Committee & Board,
Choksi Imaging Limited
163/164, Choksi Bhuvan, Nehru Road and Nariman Road,
Vile Parle East, Mumbai – 400057

To,
The Audit Committee & Board,
Choksi Asia Private Limited
Ground Floor, Choksi Bhuvan, Nehru Road and Nariman Road,
Vile Parle East, Mumbai – 400057.
Dear Members of the board,

Engagement Background

We understand that the Board of Directors of Choksi Asia Private Limited ("CAPL" or the "Transferor Company") and Choksi Imaging Limited ("CIL" or the "Transferee Company") are considering a scheme of Amalgamation under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 of Choksi Asia Private Limited ("Transferor Company") and Choksi Imaging Limited ("Transferee Company") and their respective shareholders and creditors (if any) ("the Scheme") for merger under the provisions of Sections 230 to 232 read with Section 52 and 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as may be applicable, for Merger of CAPL and vesting of the same in CIL on a going concern basis.

We understand that the Valuation as well as the swap ratio thereof is based on the Valuation Certificate dated 22nd March, 2023 issued by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as 'Valuers').

We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by CIL to give a fairness opinion ("Opinion") on Valuation Certificate dated 22nd March, 2023 issued by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916.



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Background of the Companies

Choksi Imaging Limited (“CIL” or the “Transferee Company”):

- CIL (CIN: L24294MH1992PLC388063) is a public limited company incorporated on 01st October, 1992 and having its registered office at 163/164, Choksi Bhuvan, Nehru Road and Nariman Road, Vile Parle East, Mumbai – 400057.
- The company is currently carrying on the business of processing of Jumbo Rolls of X-Ray films by slitting and cutting it into various sizes of X-Ray Films as per requirement of the customers on a job work basis.
- Equity shares of CIL are listed on the Bombay Stock Exchange (“BSE”).
- The shareholding pattern of CIL as of 31st December 2022 is as under:

Particulars	No. of shares	% shareholding
Promoter & Promoter Group	24,74,134	63.44%
Public	14,25,866	36.56%
Total	39,00,000	100.00%

Source: www.bseindia.com

Choksi Asia Private Limited (“CAPL” or the “Transferor Company”):

- CAPL was incorporated in India under the Companies Act, 1956 on 08th March 2007 with CIN U93090MH2007PTC168500. The registered office of the Company is located at Ground Floor, Choksi Bhuvan, Nehru Road and Nariman Road, Vile Parle East, Mumbai – 400057.
- CAPL is carrying on the business of import of Jumbo Rolls of X-Ray films and sale of X-Ray films and trading of other related products (such as Radiography Camera, Radiation Shielding Materials, X-Ray Generator, Lead Screens, Radioactive Sources, photosensitize chemicals, etc.) since its incorporation in year 2007.
- CAPL is not listed on any stock exchanges.
- The shareholding pattern of CAPL as of 31st December 2022 is as under:

Sr.no	Name of Shareholders	No of Shares	% of Shareholding
1	Bindu Samir Choksi	4,980	49.80%
2	Samir Kanubhai Choksi	4,975	49.75%
3	Samir Kanubhai Choksi (HUF)	5	0.05%
4	Raj Samir Choksi	10	0.1%
5	Kruti Raj Choksi	10	0.1%
6	Jay Samir Choksi	10	0.1%
7	Priyam Jay Choksi	10	0.1%
Total		10,000	100.00

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Transaction Overview and Rational

With the proposed amalgamation of the Transferor Company into the Transferee Company, the Transferee Company shall undertake processing as well as selling of X-Ray films, Lead Screens, Chemicals, Radiation Shielding Materials, X-Ray Generator, Radiography Camera, Radioactive Sources, trading of other related accessories and further propose to deal in other healthcare and nuclear products leading to optimum utilization of Silvassa factory and cost savings through larger operating leverage. The consolidation of operations of the Transferor Company and the Transferee Company by way of amalgamation will lead to a more efficient utilization of capital, administrative and operational rationalization and promote organizational efficiencies. It will prevent cost duplication that could have an effect of eroding financial efficiencies of the operations. The proposed amalgamation will be more cost-efficient with the achievement of greater economies of scale, reduction in overheads, improvement in various other operating parameters and increase in overall turnover and profitability of the Transferee Company. The amalgamation will have beneficial results for the Transferee Company, their stakeholders and all concerned parties. The combined financial strength post amalgamation will result in maximizing overall stakeholder's value, and will improve the competitive position of the combined entity. It will further enhance the organizational capability and leadership, arising from the pooling of human resources who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry. The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

- A. Amalgamation to be value accretive to the shareholders of the Transferee Company as the shareholders would have direct access to the core profitable business of the Transferor Company;
- B. Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value;
- C. Greater efficiency in cash management of the Transferee Company and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;
- D. The proposed amalgamation will improve organizational capability arising from the pooling of human capital that has diverse skills, talent, vast experience and goodwill.;
- E. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, the elimination of duplication and rationalization of administrative expenses;
- F. Reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company and the Transferee Company;



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G. To optimally leverage the larger assets base and cash flow of the amalgamated entity; and

H. Amalgamation will result in the Transferee Company directly controlling and managing the business of the Transferor Company which would lead to simplification of the shareholding structure and reduction of shareholding tiers.

In view of the aforesaid, the Board of Directors of the Transferor Company and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of both the companies. Accordingly, the Board of Directors of the Transferor Company and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Company with and into the Transferee Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Companies Act, 2013.

Information relied upon:

We have prepared the fairness opinion report on the basis of the information provided to us and inter alia the following:

- Share Exchange ratio joint valuation report by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as 'Valuers') dated 22nd March, 2023;
- Other information and explanations as provided by the management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the valuation report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. We understand that the Company has carried independent valuation of the asset of the Company Title to all subject business assets is assumed to be good and marketable and we would urge the company to carry out the independent assessment of the same.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.



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Valuation Summary:

Some of the methods considered by the valuer for arriving at fair value of shares of a company are as under:

Valuation methods are broadly classified into –

Cost Approach – Net Asset Value (NAV) method

The value under cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under NAV method, total value of the business is based on the Net Assets Value either on book value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business.

Income Approach – Discounted Cash Flows (DCF) method

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. FCFF or free cash flows to the firm ("FCFF") represents the cash available for distribution to both the owners and the creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital ("WACC") is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.

Market Approach – Market Price method

- Under the Market Price method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further in case of amalgamation, where the value of shares of one company is required to be evaluated against the value of shares of another company, the volume of shares traded and available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.



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Market Approach – Comparable Companies' Multiple (CCM) method

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The Comparable Companies' Multiple Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed 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. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc.

Basis of Valuation and Assumptions made by the valuers:

The valuation is based, on the aforesaid methods as described below:

VALUATION OF CAPL:

Drivers in choosing the method of valuation analysis:

- Information
 - Availability
 - Reliability
- Characteristics
- Current and future cash flow status.

To determine the value of CAPL, Valuer has considered Discounted Cash Flow Method under Income Method on going concern assumption.

VALUATION OF CIL

- Since the CIL does not have any recurring nature of operating business, therefore we have not considered Discounted Cash Flows (DCF) method to determine the value of shares of CIL for the said valuation purpose.
- For determining the Fair Value of CIL, Net Assets Value Method & the market prices disseminated on BSE Limited (BSE) were considered, since the shares of CIL is frequently traded share in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.
- The Fair value as per market approach has been considered by complying the provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.
- The Fair value has been arrived at Rs. 54/- per Equity Share of face value of Rs. 10/- Each.



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Conclusion ratio:-

“375 (Three hundred Seventy-five) equity shares of Choksi Imaging Limited for every 1 (one) equity share fully paid-up of Choksi Asia Private Limited”, however consideration will be discharged as below:

A) 27,51,000 equity shares having face value of Rs.10/- (Rupees Ten) each fully paid-up of INR 53.991 of the Transferee Company will be issued and allotted to the shareholders holding (total 10,000 in number) equity shares of Rs.10/- (Rupees Ten) each fully paid-up in the proportion of their shareholding in the Transferor Company. These new equity share will be listed on the stock exchange.

And

B) 9,97,545 Non-Convertible and Non-Cumulative Redeemable Preference Shares of Rs 54 (at par), which will not be listed unless required by extant regulations, will be issued and allotted to the shareholders of Transferor Company shall be in the proportion of their shareholding in the Transferor Company.

Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

- A) Reviewed the Draft Scheme Document and the valuation report by the valuers dated 22nd March, 2023.
- B) Audited financials for CIL and CAPL for the year ended March 31, 2022.
- C) Audited financials for CAPL for the period ended December 31, 2022; and
- D) Limited reviewed financial statements of CIL for the period ended December 31, 2022
- E) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations;
- F) Sought various clarifications with the respective senior management teams of CAPL and CIL;
- G) Reviewed historical stock prices and trading volumes of CIL at BSE Limited;
- H) Reviewed such other information and explanations as we have required and which have been provided by the management of CAPL and CIL.



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One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover in this case where the shares of the company are being issued as consideration to the shareholders of CAPL, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the company vis-a-vis shares of CAPL.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on CAPL, CIL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which CAPL, CIL and/or their associates/ subsidiaries, are or may be party.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.

Our Fairness Opinion:

Based upon valuation work carried out by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as 'Valuers') we are of the opinion that the purpose of the proposed merger by absorption of CAPL into CIL are fair, from a financial point of view.

The fairness of the Proposed Merger is tested by:

- (1) Considering whether the Valuation methods adopted by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as 'Valuers') depict a correct picture on the value of shares of all companies;
- (2) Calculating the fair market value of companies;
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed Merger of CAPL into CIL.



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The rationale for Share Exchange ratio as explained above, will be issued as assumed by Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as 'Valuers') is justified.

We are in opinion that, Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 and Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/03/2020/12916 (jointly referred to as 'Valuers') is justified by taking the Fair Value of Companies, and covers each aspect of valuation.

This being of our best of professional understanding, we hereby sign the Fairness Opinion report on valuation.

For Navigant Corporate Advisors Limited



Sarthak Vijlani
Managing Director

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For Choksi Imaging Ltd.

For Choksi Asia Private Limited

S. A. Ch
Authorized Signatory

Jay Choksi
Authorized Signatory

