

**Workings and Explanation towards
recommendation of Fair Equity Share Exchange
Ratio for Proposed Amalgamation of Choksi Asia
Private Limited (CAPL) with Choksi Imaging
Limited (CIL)**

27th April 2023

**Rashmi Shah FCA
Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/06/2018/10240**

**Nitish Chaturvedi
Registered Valuer (Securities or Financial Assets)
IBBI Registration No. IBBI//RV/03/2020/12916**

Kind Attn:

**The Company Secretary,
Choksi Imaging Limited**

163/164, Choksi Bhuvan, Nehru Road and Nariman Road,
Vile Parle East, Mumbai – 400057

**The Audit Committee & Board,
Choksi Asia Private Limited**

Ground Floor, Choksi Bhuvan, Nehru Road and Nariman Road,
Vile Parle East, Mumbai – 400057.

Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)

With reference to your requirements, we hereby provide you with the relevant workings¹ and assumptions that we have considered to arrive at the fair equity share ratio for the said Transaction.

Kindly consider these workings and responses in conjunction with other assumptions and back-up data as provided to you. As mentioned in our report, the share swap ratio has been arrived at using relative share valuation, wherein we have computed values of equity shares of both CAPL and CIL. CAPL and CIL are jointly referred to as “the Companies”.

Please find enclosed the relevant workings used in our valuation analysis and recommendation.

If you have any questions or require additional information, please do feel free to contact us.

Respectfully submitted



Rashmi Shah FCA

Registered Valuer (SFA)

IBBI Reg. No.: IBBI/RV/06/2018/10240

Place: Mumbai

Date: 27th April 2023

Nitish Chaturvedi



Nitish Chaturvedi

Registered Valuer (SFA)

IBBI Reg. No.: IBBI/RV/03/2020/12916

Place: Mumbai

Date: 27th April 2023

¹ Any differences in any table between the numbers presented and the mathematical calculation are due to rounding-off.

Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)

Valuation Workings

Please see the fair equity share exchange table including Income Approach, as below:

Valuation approach	Choksi Asia Private Limited		Choksi Imaging Limited	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	11,638.12	0.00%	62.32	50.00%
Income approach - DCF method	20,239.67	100.00%	NA	0.00%
Market approach - ICDR Pricing Guideline	NA	0.00%	45.66	50.00%
Market approach - CCM method	NA	0.00%	NA	0.00%
Relative value per share	20,239.67		53.99	
Share Exchange Ratio - rounded off	375			
Fair share exchange ratio	375 equity shares of Choksi Imaging Limited for every 1 equity share of Choksi Asia Private Limited			

Please refer to Annexure I for valuation workings of Choksi Imaging Limited.

Please refer to Annexure II for valuation workings of CAPL.

Per the workings, the relative price of CIL share was Rs 53.991 per share. Accordingly, the management has considered the NCRPS face value at Rs 54 per NCRPS.

The CCMM method is not applicable given there are no comparables available.



Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)

Annexure I – Valuation Workings of Choksi Imaging Limited

Value of equity shares under Market Approach – Market Price method	
Volume Weighted Average Price (VWAP)	CIL
90 – trading days VWAP (Rs. per share)	45.66
<i>Notes and assumptions:</i>	
We have considered market price till 21 st March 2023, it being the last day prior to 22 nd March 2023, which is the date of announcement of the Proposed Amalgamation of CAPL with CIL.	
The market prices for the said valuation purpose have been computed using market prices quoted on the BSE as we understand that the shares of the Company are traded only in BSE. Refer to detailed working as below:	



**Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed
Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)**

Market Price of CIL

Day	Date	Total Turnover (INR)	Volume of traded shares
1	14 November 2022	1,06,142	2,115
2	15 November 2022	4,66,536	9,669
3	16 November 2022	3,65,914	7,814
4	17 November 2022	2,13,243	4,436
5	18 November 2022	2,05,236	4,502
6	21 November 2022	1,29,161	2,751
7	22 November 2022	75,803	1,585
8	23 November 2022	1,50,743	3,135
9	24 November 2022	36,673	770
10	25 November 2022	49,692	1,048
11	28 November 2022	1,39,789	2,951
12	29 November 2022	92,589	1,962
13	30 November 2022	1,40,614	3,058
14	01 December 2022	1,32,076	2,881
15	02 December 2022	92,071	2,008
16	05 December 2022	55,907	1,160
17	06 December 2022	5,06,584	10,368
18	07 December 2022	3,19,998	6,636
19	08 December 2022	2,69,881	5,769
20	09 December 2022	4,94,844	10,766
21	12 December 2022	60,277	1,311
22	13 December 2022	42,281	913
23	14 December 2022	49,782	1,098
24	15 December 2022	73,090	1,557
25	16 December 2022	55,258	1,208
26	19 December 2022	33,823	736
27	20 December 2022	44,934	967
28	21 December 2022	96,471	2,075
29	22 December 2022	81,555	1,823
30	23 December 2022	66,553	1,532
31	26 December 2022	8,827	203
32	27 December 2022	34,595	766
33	28 December 2022	19,962	441
34	29 December 2022	16,608	367
35	30 December 2022	66,456	1,398
36	02 January 2023	69,195	1,479
37	03 January 2023	44,771	963
38	04 January 2023	68,986	1,502



**Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed
Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)**

Day	Date	Total Turnover (INR)	Volume of traded shares
39	05 January 2023	8,076	174
40	06 January 2023	32,826	705
41	09 January 2023	91,814	2,011
42	10 January 2023	1,09,955	2,433
43	11 January 2023	1,07,099	2,381
44	12 January 2023	7,522	165
45	13 January 2023	12,012	266
46	16 January 2023	11,175	250
47	17 January 2023	22,080	487
48	18 January 2023	57,382	1,277
49	19 January 2023	36,976	826
50	20 January 2023	75,326	1,680
51	23 January 2023	1,08,555	2,441
52	24 January 2023	11,860	272
53	25 January 2023	34,718	786
54	27 January 2023	7,954	189
55	30 January 2023	55,526	1,290
56	31 January 2023	36,209	835
57	01 February 2023	5,370	122
58	02 February 2023	73,018	1,726
59	03 February 2023	2,36,965	5,660
60	06 February 2023	14,37,661	32,243
61	07 February 2023	3,89,025	8,004
62	08 February 2023	5,34,300	10,611
63	09 February 2023	56,042	1,176
64	10 February 2023	1,13,545	2,423
65	13 February 2023	15,476	321
66	14 February 2023	1,64,659	3,586
67	15 February 2023	2,94,602	6,806
68	16 February 2023	63,807	1,418
69	17 February 2023	5,434	127
70	20 February 2023	1,13,285	2,433
71	21 February 2023	2,623	58
72	22 February 2023	24,241	537
73	23 February 2023	46,819	1,050
74	24 February 2023	1,826	39
75	27 February 2023	1,21,103	2,822
76	28 February 2023	36,041	859
77	01 March 2023	1,05,210	2,502
78	02 March 2023	1,43,899	3,369
79	03 March 2023	14,586	344
80	06 March 2023	34,035	819
81	08 March 2023	1,14,147	2,688
82	09 March 2023	5,790	135
83	10 March 2023	68,498	1,574
84	13 March 2023	36,809	875
85	14 March 2023	16,957	419
86	15 March 2023	52,757	1,233
87	16 March 2023	2,36,466	5,767
88	17 March 2023	96,168	2,387
89	20 March 2023	2,31,585	5,795
90	21 March 2023	33,669	890
Total		1,07,30,403	2,35,009
VWAP of 90 trading days volume weighted average price ("VWAP") preceding the relevant date (INR)			45.66



Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)

Value of equity shares of CIL under Cost Approach – Adjusted NAV method

Particulars (Amount in INR Lakhs)	Book Value	Fair Value
Assets		
Land		
Factory Building	13.68	392.85
Staff Quarter	52.05	
Plant & Machinery	8.56	60.35
Furniture & Fixtures	54.43	54.43
Vehicles	5.00	5.00
Office Equipments	1.94	1.94
Office Premises	0.15	0.15
Computer	445.45	952.64
Inangible assets	0.65	0.65
Advances	1.23	1.23
Inventories	180.01	180.01
Trade receivables	274.04	274.04
Cash & cash equivalents	55.82	55.82
Bank Balances other than cash and cash equivalents	372.77	372.77
Others (Excise & Custom duty receivable on Export Bank Charges)	5.34	5.34
Other Advances	0.02	0.02
Statutory Receivable	0.07	0.07
Unutilised MAT Receivable	196.53	196.53
Total assets	1,800.17	2,686.27
Liabilities		
Deferred tax liabilities		
Trade payables	122.78	122.78
Short term provisions	9.30	9.30
Unpaid Dividend	91.90	91.90
Statutory remittances	5.34	5.34
Security deposit received	3.83	3.83
Staff Advances	16.44	16.44
Other Payable	0.09	0.09
Total liabilities	255.69	255.69
Net asset value (INR Lakhs)	1,544.48	2,430.58
Number of equity shares	39,00,000	39,00,000
Value per share (INR)	39.60	62.32

Equity	Value
Share capital	390.00
Reserves Surplus	1,154.49
Total equity and liabilities	1,544.49



Annexure II: Valuation Workings of CAPL

Value of equity shares of CAPL under Income Approach – Discounted Cash Flows (DCF) method

Annexure II: Valuation Workings of CAPL

Value of equity shares of CAPL under Income Approach – Discounted Cash Flows (DCF) method

Particulars	Units	Start Date		01-Jan-23		01-Apr-23		01-Apr-24		01-Apr-25		01-Apr-26		01-Apr-27		Perpetuity		
		End Date	31-Mar-23	31-Mar-24	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-28
Revenue from operations	INR Lakhs				395.36	1,518.80	1,708.65	1,922.23	2,162.51	2,432.83	2,554.47							
% y-o-y growth	%						12.50%	12.50%	12.50%	12.50%	5.00%							
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	INR Lakhs		132.79	263.15	304.18	349.05	398.94	453.02	475.68									
% EBITDA margin	%			17.33%	17.80%	18.16%	18.45%	18.62%	18.62%									
Cash inflows	INR Lakhs		132.79	263.15	304.18	349.05	398.94	453.02	475.68									
Cash outflows	INR Lakhs																	
Incremental working capital	INR Lakhs																	
Capital expenditure	INR Lakhs		50.10	54.85	76.80	100.15	117.42	145.14	183.43									
Income tax on operating profits	INR Lakhs		4.76															
Total cash outflows	INR Lakhs		32.85	65.27	76.19	87.75	100.36	114.01	119.72									
Net cash flows	INR Lakhs		87.72	120.12	153.00	187.89	217.78	259.15	292.24									
Discounting factor			45.07	143.03	151.18	161.16	181.16	193.88	292.24									
Present value of discounted cash flows			0.98	0.88	0.75	0.63	0.54	0.46										
Sum of present value of cash flows (A)	INR Lakhs		44.16	126.35	113.12	102.20	97.36	88.31										
Perpetuity Value	INR Lakhs																	
Present value of perpetuity value (B)	INR Lakhs																	
Enterprise value (A+B)	INR Lakhs																	
Less: Debt	INR Lakhs																	
Add: Cash and equivalents	INR Lakhs																	
Add: Investment in equity shares of Choksi Imaging Limited	INR Lakhs																	
Equity Value	INR Lakhs																	
Number of equity shares	Number		2,023.97															
Value per share	INR		10,000	20,239.67														

Valuation Report



Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)

Weighted Average Cost of Capital	
Cost of equity	Value
Risk-free rate (31 Dec 2022)	7.33%
Beta	1.00
Equity risk premium	7.8%
Additional risk premium	2.5%
Cost of equity	17.7%
Cost of debt	Value
Pre-tax average borrowing rate	10.00%
Less: Tax shield	25.17%
Tax shield	2.52%
Net cost of debt	7.48%
Debt to Equity ratio	0.00%
Weighted average cost of capital	17.67%
Weighted average cost of capital	18.00%



**Workings for recommendation of Fair Equity Share Exchange Ratio for Proposed
Amalgamation of Choksi Asia Private Limited (CAPL) with Choksi Imaging Limited (CIL)**

Value of equity shares of CAPL under Cost Approach – NAV method

Particulars (Amount in INR)	Book value	Fair value
Assets		
Property, Plant & Equipment	5,49,210	5,49,210
Non-current investments	3,56,37,510	5,12,85,925
Deferred Tax Assets	7,697	7,697
Advance income tax - Unsecured, considered good	1,17,68,730	1,17,68,730
Unsecured, considered good	1,72,98,861	1,72,98,861
Balances with government authorities	11,09,689	11,09,689
Adani Security Deposit	620	620
Gem Portal Security Deposit	25,012	25,012
Inventories	4,23,63,662	4,23,63,662
Trade receivables	1,53,33,474	1,53,33,474
Cash and cash equivalents	93,17,941	93,17,941
GST Refund	26,35,561	26,35,561
Advance to Suppliers	11,918	11,918
Total assets	13,60,59,886	15,17,08,301
Liabilities		
Trade payables	64,87,768	64,87,768
Statutory Remittances	49,255	49,255
Others	13,96,407	13,96,407
Short Term Provisions	96,33,422	96,33,422
Long-term borrowings	1,77,60,210	1,77,60,210
Total liabilities	3,53,27,063	3,53,27,063
Net asset value (NAV)	10,07,32,823	11,63,81,238
Number of equity shares	10,000	10,000
Value per share (INR)	10,073.28	11,638.12

Represented by:

Particulars (Amount in INR)	Book value
Share capital	1,00,000
Reserves and Surplus	10,06,32,823
Shareholders' funds	10,07,32,823
Difference	-





ANNEXURE 24

Date: April 25, 2023

To,
The General Manager,
Department of Corporate Services,
Bombay Stock Exchange Limited,
P. J. Tower, Dalal Street
Mumbai- 400001

Scrip Code: 530427.

Sub: Clarification of computation of face value of NCRPS.

We, Samir Choksi and Rishi Dave – Managing Director and Company Secretary of the Company, respectively, hereby affirm and state that the relative per share price of Non-convertible, Non-Cumulative, Redeemable Preference Shares of Choksi Imaging Limited to be issued to Shareholders of Transferor Company, as computed by joint valuer is Rs.53.991/- hence the per share price of Non-convertible, Non-cumulative, Redeemable Preference shares was decided at Rs.54/- (after rounding off).

This is for your information and record.

Thanking You,

For Choksi Imaging Limited

S. Choksi

Rishi Dave

Samir Choksi
Managing Director
DIN: 0049416

Place: Choksi Bhuvan,
Vile Parle East, Mumbai

Rishi Dave
Company Secretary and Compliance Officer
Membership No. A36389



Table 1 - swap ratio and price

Particulars	CAPL	CIL
Per share price (per joint valuation report)	20,239.671	53.991
Swap ratio (per joint valuation report and merchant banker fairness opinion - rounded off to 375)		374.871

Table 2A - pre merger existing shareholding pattern in CIL (transferee company)

Shareholder class	Name / Class	Number of shares	%
Promoter	Samir K Choksi	11,33,924	29.07
Promoter	CAPL (transferee company)	9,49,896	24.36
Other Promoters	Other Promoters	3,90,314	10.01
	Public	14,25,866	36.56
	Total	39,00,000	100
	Total Promoter	24,74,134	63.44

Table 2B - proposed post merger equity shareholding pattern basis swap ratio (restricting promoter holding to 74.990%)

Name / Class	Number of shares	%	Remarks
Samir K Choksi	11,33,924	19.89	old shares
CAPL (transferee company)	0	0.00	old shares cancelled
Other promoter	3,90,314	6.85	old shares
Public	14,25,866	25.01	old shares
CAPL (shareholders)	27,51,000	48.25	new shares (on merger)
Total	57,01,104	100	Total
Total Promoter	42,75,238	74.990	Total Promoter

Table 3 - Non cumulative, non convertible redeemable preference shares (NCRPS)

Particulars	Amounts / Number	Reference	Remarks
Total shares in CAPL	10,000.00	A	Factual
Per share price of CAPL	20,239.671	B	Refer Table 1
Total value of CAPL	20,23,96,710	A*B = C	
Equity shares to be issued by CIL	27,51,000	D	Refer Table 2B
Relative price of CIL	53.991	E	Refer Table 1
Total Value of Equity Shares issued by CIL to shareholders of CAPL	14,85,29,241	D*E = F	
Balance Value that CAPL shareholders should receive	5,38,67,469	C - F = G	
Price per NCRPL (FV @ 54 given relative price of CIL Share is 53.991)	54	H	
Number of NCRPS issued to CAPL shareholders	9,97,545.722	G / H	
NCRPL Rounded down to	9,97,545		