



To,

Date: 14-11-2023

The Board of Directors
Crayons Advertising Limited
NSIC Complex, Maa Anandmayee Marg Okhla Industrial Estate,
Phase- III, New Delhi, Delhi, India, 110020

Dear Sir,

Sub: Recommendation of price for issue of Equity Shares in terms Regulation 164(1), SEBI (ICDR) Regulations, 2018

We refer to our engagement letter dated 09-11-2023 wherein Crayons Advertising Limited ("**Company**") have requested undersigned i.e **Ajay Kumar Siwach**, ("**Valuer**") to recommend fair value in connection with the proposed issue of Equity Shares on preferential basis.

The valuation is prepared in compliance with ***International Valuation Standards***. The sole purpose of this report is to assist the Company to determine the price in terms of Regulation 164(1), SEBI (ICDR) Regulations, 2018 for issue of Equity Shares on preferential basis.

Please refer to the statement of limiting conditions contained in the report. For the purposes of business appraisal, fair market value is defined as the expected price at which the subject business would change hands between a willing buyer and a willing seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.

We have appraised a fully marketable, controlling ownership interest in the assets of the subject business. The appraisal was performed under the premise of value in continued use as a **going concern** business enterprise.

We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report. We have appraised the subject business in accordance with the **International Valuation Standards**.



Ajay Kumar Siwach
FCS, LL.B, IP, RV, MBA

**Registered Valuer – SFA
Insolvency Professional
Certified Independent Director**

Based on the Scope and limitations of work, Sources of information and Valuation methodology of the report and the explanations therein, the fair value per equity share is **Rs. 154.27 / - per share.**



Ajay Kumar Siwach
Registered Valuer- Securities or Financial Assets
Registration No. IBBI/RV/05/2019/11412



CONTENTS

1. Context and Purpose;
2. Conditions and major assumptions;
3. Background of the company and Industry;
4. Background information of the asset being valued;
5. Purpose of valuation and appointing authority;
6. Identity of the valuer and any other experts involved in the valuation;
7. Disclosure of valuer interest/conflict, if any;
8. Date of appointment, valuation date and date of report;
9. Basis / bases of value used;
10. Valuation Standards;
11. Valuation Methodology, Approach and Procedures adopted in carrying out the valuation;
12. Major factors that influenced the valuation;
13. Source of Information;
14. Caveats, limitations and disclaimers;
15. Distribution of Report;
16. Opinion on the value of the business.



VALUATION ANALYSIS

We refer to our Engagement Letter vide resolution dated 09-11-2023 confirming our appointment as independent valuers of Crayons Advertising Limited (the “Company”). In the following paragraphs, we have summarized our Valuation Analysis (the “Analysis”) of the business of the Company as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on our scope of work as mentioned in herein below in this report.

1. Context and Purpose

Based on discussion with the Management, we understand that management is evaluating the possibility of *issue of Equity Shares on preferential basis*. In this context, the Management requires our assistance in determining the fair value of Equity Shares of the Company.

2. Conditions and major Assumptions

Conditions

The historical financial information about the company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report, and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed, or compiled the Financial Statements and express no assurance on them. The financial information about the company presented in this report includes normalization adjustments made solely for the purpose to arrive at value conclusions presented in this report.

Normalization adjustments as reported are hypothetical in nature and are not intended to present restated historical financial results or forecasts of the future.

Readers of this report should be aware that business valuation is based on future earnings potential that may or may not be materialized. Any financial projections e.g. projected balance sheet, projected profit and loss account, Projected Cash flow Statement as presented in this report are included solely to assist in the development of the value conclusion. The actual results may vary from the projections given, and the variations may be material, which may change the overall value.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties



should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided in part by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession concerning the value and useful condition of all investments in securities or partnership interests, and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

We have been informed by management that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.



3. Background of the company and Industry

Crayons Advertising Limited is a Public Limited company, limited by shares. It was incorporated on 03rd July 1986, under the provisions of the Companies Act, 1956. Its corporate identity number is U52109DL1986PLC024711. Its registered office is situated at NSIC Complex, Maa Anandmayee Marg Okhla Industrial Estate, Phase- III, New Delhi, Delhi, India, 110020.

Directors:

DIN/PAN	Name
00010548	Vimi Lalani
00002756	Kunal Lalani
00257693	Hulasmal Lalani
00502876	Vinod Zutshi
02699927	Atul Jeevandhar Kumar Hegde
02945040	Surendra Pagaria

4. Background information of the asset being valued

Fair value of Equity shares of Crayons Advertising Limited, a company limited by shares registered office at NSIC Complex, Maa Anandmayee Marg Okhla Industrial Estate, Phase- III, New Delhi, Delhi, India, 110020 for issue of Equity Shares on preferential basis.

5. Purpose of valuation and appointing authority:

To arrive at a price in terms Regulation 164(1), SEBI (ICDR) Regulations, 2018.

6. Identity of the valuer and any other experts involved in the valuation:

Ajay Kumar Siwach, Registered Valuer- Securities or Financial Assets having Registration No. IBBI/RV/05/2019/11412.

7. Disclosure of valuer interest/conflict, if any:

Nil.



8. Date of appointment, valuation date and date of report:

Date of appointment	09-11-2023
Valuation date	13-11-2023
Date of report	14-11-2023

9. Basis/ bases of value used

Bases of value (sometimes called standards of value) are statements of the fundamental measurement assumptions of a valuation. They describe the fundamental assumptions on which the reported values will be based (e.g. the nature of the hypothetical transaction, the relationship and motivation of the parties, the extent to which the asset is exposed to the market, and the unit of account for the valuation). It is critical for any valuation to be performed using the basis (or bases) of value that is appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer’s selection of methods, inputs and assumptions, and the ultimate opinion of value.

We have used “**Fair Value**”, as basis of Valuation.

Fair Value 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.

10. Valuation Standards

The Report has been prepared in compliance with the *International Valuation Standards*.

11. Valuation Methodology, Approach and Procedures adopted in carrying out the valuation

The standard of value used in the Analysis is “Fair Value”, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay substantial goodwill. This exercise may be carried out



using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange;
- industry to which the Company belongs;
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated;
- extent to which industry and comparable company information are available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorized as follows:

- i. Cost Approach**
- ii. Income Approach**
- iii. Market Approach**

i. Cost Approach:

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialize.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

Share Valuation as per Asset Approach -NAV is calculated as per **Exhibit B**.

ii. Market Approach:

Comparable Companies Multiple Method (CCM)

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. This method compares the price for which comparable companies are traded in the capital market.



Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach in that the Revenue and EV multiples of reported transactions in the same industry in the recent past are applied to the Revenue and EV of the business being valued.

We have not considered this methodology in the Analysis as we understand that there are no listed comparable Indian and foreign transactions in the sector to which the Company belongs.

Valuation of Equity Shares as per Regulation 164(1), SEBI (ICDR) Regulations, 2018

Pricing of frequently traded shares

As per Regulation 164(1) of SEBI (ICDR) Regulations, 2018, If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

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

Share Valuation as per Valuation of Equity Shares as per Regulation 164(1), SEBI (ICDR) Regulations, 2018 is calculated as per **Exhibit A**.

iii. Income Approach:

Profit Earning Capacity Value (PECV) Method

Share Valuation as per Income Approach - Profit Earning Capacity Value (PECV) Method is calculated as per **Exhibit C**.

12. Equity Valuation of the company

The equity valuation for the Company is arrived at as per calculation of Regulation 164(1), SEBI (ICDR) Regulations, 2018.

13. Major factors that influenced the valuation:

Not Identified.



14. Sources of Information

The Analysis is based on a review of the business plan of the Company provided by the Management and information relating to the services sector in which the Company is operating as available in the public domain. Specifically, the sources of information include:

- Audited Financial as on 31-03-2023;
- Management Representation Letter.
- Discussions with the Management;
- Website of the NSE, BSE, and company.
- In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.

15. Caveats, limitations and disclaimers

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material mis-statements or would not afford reasonable grounds upon which to base the Report.

The report is based on the financial projections provided to us by the management of the company and thus the responsibility for forecasts and the assumptions on which they are based is solely that of the Management of the Company and we do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgement. Similarly we have relied on data from external sources. These sources are



considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

The valuation worksheets prepared for the exercise are proprietary to **Ajay Kumar Siwach, Registered Valuer** and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which may have an impact on our Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation Analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

16. Distribution of report

The Analysis is confidential and has been prepared exclusively for the purpose of issue equity shares. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of **Ajay Kumar Siwach, Registered Valuer**. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the Report will be shared with the proposed allottees of the Company.



17. Opinion of value of the business and valuation summary:

Accordingly, based on the information available, the fair value of the equity shares as at **13-11-2023** is estimated at **154.27/-** per share.

Yours faithfully,



Ajay Kumar Siwach

Registered Valuer- IBBI/RV/05/2019/11412

Date: 14-11-2023

Place: Faridabad

Exhibit A

DATE	DAY	VWAP	VOLUME	VALUE
10-Nov-23	Friday	135.95	11,000	14,95,450.00
09-Nov-23	Thursday	140.41	7,000	9,82,900.00
08-Nov-23	Wednesday	139.69	14,000	19,55,700.00
07-Nov-23	Tuesday	140.62	15,000	21,09,300.00
06-Nov-23	Monday	144.13	13,000	18,73,700.00
03-Nov-23	Friday	144.11	43,000	61,96,800.00
02-Nov-23	Thursday	139.45	14,000	19,52,350.00
01-Nov-23	Wednesday	135.16	7,000	9,46,150.00
31-Oct-23	Tuesday	136.78	4,000	5,47,100.00
30-Oct-23	Monday	137.10	22,000	30,16,150.00
27-Oct-23	Friday	137.79	22,000	30,31,400.00
26-Oct-23	Thursday	132.23	18,000	23,80,200.00
25-Oct-23	Wednesday	135.18	88,000	1,18,96,100.00
23-Oct-23	Monday	142.14	20,000	28,42,800.00
20-Oct-23	Friday	144.93	16,000	23,18,800.00
19-Oct-23	Thursday	147.88	36,000	53,23,800.00
18-Oct-23	Wednesday	148.86	22,000	32,74,900.00
17-Oct-23	Tuesday	148.32	38,000	56,36,100.00
16-Oct-23	Monday	149.29	28,000	41,80,100.00
13-Oct-23	Friday	149.91	14,000	20,98,800.00
12-Oct-23	Thursday	149.52	14,000	20,93,300.00
11-Oct-23	Wednesday	148.81	38,000	56,54,800.00
10-Oct-23	Tuesday	148.63	8,000	11,89,000.00
09-Oct-23	Monday	148.26	52,000	77,09,400.00
06-Oct-23	Friday	146.86	10,000	14,68,600.00
05-Oct-23	Thursday	147.42	6,000	8,84,500.00
04-Oct-23	Wednesday	148.74	22,000	32,72,300.00
03-Oct-23	Tuesday	150.28	24,000	36,06,800.00
29-Sep-23	Friday	148.33	28,000	41,53,200.00
28-Sep-23	Thursday	145.70	20,000	29,14,000.00
27-Sep-23	Wednesday	143.28	44,000	63,04,500.00
26-Sep-23	Tuesday	143.13	74,000	1,05,91,900.00
25-Sep-23	Monday	151.33	4,000	6,05,300.00
22-Sep-23	Friday	150.08	10,000	15,00,800.00
21-Sep-23	Thursday	151.55	12,000	18,18,600.00
20-Sep-23	Wednesday	150.68	50,000	75,33,800.00
18-Sep-23	Monday	150.69	32,000	48,22,200.00
15-Sep-23	Friday	151.05	1,18,000	1,78,23,700.00
14-Sep-23	Thursday	152.17	66,000	1,00,42,900.00
13-Sep-23	Wednesday	151.57	44,000	66,69,000.00
12-Sep-23	Tuesday	153.66	82,000	1,25,99,800.00
11-Sep-23	Monday	159.13	1,56,000	2,48,24,200.00
08-Sep-23	Friday	159.34	18,000	28,68,100.00
07-Sep-23	Thursday	160.29	48,000	76,93,700.00
06-Sep-23	Wednesday	161.84	78,000	1,26,23,900.00
05-Sep-23	Tuesday	164.21	1,92,000	3,15,29,100.00

04-Sep-23	Monday	168.20	1,02,000	1,71,56,200.00
01-Sep-23	Friday	162.34	1,08,000	1,75,32,300.00
31-Aug-23	Thursday	156.20	1,30,000	2,03,05,500.00
30-Aug-23	Wednesday	156.71	1,64,000	2,57,00,400.00
29-Aug-23	Tuesday	160.69	1,02,000	1,63,90,300.00
28-Aug-23	Monday	162.37	1,38,000	2,24,07,500.00
25-Aug-23	Friday	162.61	50,000	81,30,300.00
24-Aug-23	Thursday	165.00	50,000	82,49,900.00
23-Aug-23	Wednesday	171.83	2,70,000	4,63,94,700.00
22-Aug-23	Tuesday	160.02	2,18,000	3,48,84,300.00
21-Aug-23	Monday	149.33	1,08,000	1,61,27,600.00
18-Aug-23	Friday	148.77	38,000	56,53,300.00
17-Aug-23	Thursday	149.12	52,000	77,54,200.00
16-Aug-23	Wednesday	149.31	62,000	92,57,400.00
14-Aug-23	Monday	149.60	1,10,000	1,64,56,400.00
11-Aug-23	Friday	146.88	94,000	1,38,07,000.00
10-Aug-23	Thursday	147.82	66,000	97,56,100.00
09-Aug-23	Wednesday	149.60	48,000	71,80,900.00
08-Aug-23	Tuesday	149.05	40,000	59,62,100.00
07-Aug-23	Monday	149.89	1,02,000	1,52,88,800.00
04-Aug-23	Friday	152.90	1,98,000	3,02,74,600.00
03-Aug-23	Thursday	146.78	44,000	64,58,200.00
02-Aug-23	Wednesday	150.35	80,000	1,20,27,800.00
01-Aug-23	Tuesday	152.07	56,000	85,16,100.00
31-Jul-23	Monday	148.21	92,000	1,36,35,600.00
28-Jul-23	Friday	150.21	64,000	96,13,600.00
27-Jul-23	Thursday	150.66	56,000	84,37,100.00
26-Jul-23	Wednesday	150.80	48,000	72,38,400.00
25-Jul-23	Tuesday	150.74	24,000	36,17,700.00
24-Jul-23	Monday	150.47	62,000	93,29,000.00
21-Jul-23	Friday	150.53	88,000	1,32,46,700.00
20-Jul-23	Thursday	153.66	28,000	43,02,600.00
19-Jul-23	Wednesday	152.63	1,26,000	1,92,31,400.00
18-Jul-23	Tuesday	162.15	1,94,000	3,14,57,000.00
17-Jul-23	Monday	164.97	70,000	1,15,47,900.00
14-Jul-23	Friday	155.28	1,10,000	1,70,80,400.00
13-Jul-23	Thursday	149.95	80,000	1,19,96,100.00
12-Jul-23	Wednesday	151.79	48,000	72,86,100.00
11-Jul-23	Tuesday	150.58	92,000	1,38,52,900.00
10-Jul-23	Monday	152.35	50,000	76,17,700.00
07-Jul-23	Friday	154.99	50,000	77,49,600.00
06-Jul-23	Thursday	154.87	1,70,000	2,63,28,300.00
05-Jul-23	Wednesday	150.62	1,94,000	2,92,20,600.00
04-Jul-23	Tuesday	154.57	1,70,000	2,62,76,800.00

90 Trading Days VWAP	Total Turnover during 90 Trading days/ Total of shares traded during 90 Trading days	Total Turnover = 91,75,93,400	154.27
		Total Shares Traded= 59,48,000	

10 Trading Days VWAP	Total Turnover during 10 Trading days/ Total of shares traded during 10 Trading days	Total Turnover = 2,10,75,600	140.50
		Total Shares Traded= 1,50,000	

Exhibit B			
Share Valuation As Per Asset Approach - NAV			
Based on Audited Balance Sheet as of 31 Mar 2023			
S.No.	Particulars	Amount in INR Lakh except per share value	
A	Assets		
1	Non-Current Assets		
	<i>Property, plant and equipments</i>		
	<i>Tangible Assets</i>		335.48
	<i>Intangible assets</i>		4.99
	<i>Non Current Investments</i>		879.68
	<i>Deferred Tax Asset (Net)</i>		123.41
	<i>Long Term Loans & Advances</i>		1,068.59
	<i>Other non-current assets</i>		193.92
2	Current Assets		
	<i>Trade Receivables</i>		6,287.36
	<i>Cash & Bank balances</i>		1,535.64
	<i>Short term loans & advances</i>		1,733.61
	<i>Other current assets</i>		850.01
	Total Value of Assets	A	13,012.69
B	Liabilities		
3	Non-Current Liabilities		
	<i>Long term borrowings</i>		318.40
	<i>Long term provisions</i>		176.55
4	Current Liabilities		
	<i>Short term borrowings</i>		786.92
	<i>Trade payables</i>		4,329.68
	<i>Other current liabilities</i>		1,973.23
	<i>Short term provisions</i>		44.69
	Total Liabilities	B	7,629.47
C	Net Worth	C=A-B	5,383.22
D	Number of Shares	D	180.00
E	Per Share Value	E=C/D	29.91

Exhibit C**Share Valuation As Per Income Approach - Profit Earning Capacity Value (PECV)**

The profits after tax of the company for the last three financial years ending 31 March 2023 are as under:

Particulars	Figs. In INR Lakh except per share value
F.Y. - 2020-21	12.98
F.Y. - 2021-22	161.34
F.Y. - 2022-23	1,659.27
Average Profit after tax	611.20
Capitalization Rate (Refer Appendix A)	15.00%
Equity Value	4,075
No. of Equity Shares	180.00
Per Share Value	22.64

Appendix A

Calculation of Cost of Equity

Risk Free Rate	7.32%
Beta	1.71
ERP	9.73%
Size Premium	0.00%
CSRP	0%
Cost of Equity	23.91%

Capital Structure	Target
Debt	1,105.32
Equity	5,383.22

Debt to Capitalisation	17.03%
Equity to Capitalisation	82.97%

WACC	20.00%
Terminal Growth	4.50%
Capitalization Rate	15.50%