

FAIRNESS OPINION REPORT
ON
VALUATION FOR THE PROPOSED SCHEME OF ARRANGEMENT
BETWEEN
VISAGAR POLYTEX LIMITED
AND
THE EQUITY SHAREHOLDERS

By



Axial Capital Private Limited

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Notice to Reader

Axial Capital Private Limited (“Axial” / “ACPL” or “Authors of the Report”) is a SEBI registered ‘Category I’ Merchant banker in India and was engaged by Board of Directors of Visagar Polytex Limited (“VPL” or “Company”) to prepare an Independent Fairness Opinion Report (“Report”) with respect to providing an independent opinion and assessment as to fairness of Valuation Report by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as ‘Valuer’) an Independent Valuer for the purpose of intended proposed Scheme of Arrangement under section 230 to 232 and other applicable clauses of the Companies Act, 2013 (“Scheme”) of VPL.

The Fairness Opinion Report (“Report”) has been prepared on the basis of the review of information provided to Axial and specifically the Valuation Report prepared by Valuer as an independent valuer. The report does not give any valuation or suggest any swap ratio; however, 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. Axial has not independently verified any of the information contained herein. Neither the Company nor Axial, 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.



Date: March 5, 2025

To,
The Board of Directors,
Visagar Polytex Limited ("VPL")
907/908 Dev Plaza, SV Road,
Andheri West,
Mumbai – 400 058

Dear Members of the board,

Engagement Background

We Understand that the Board of Directors of **Visagar Polytex Limited** ("VPL" or the "Resulting Company") are considering a Scheme of Arrangement between VPL and their respective Shareholders ("the Scheme") under the provisions of Sections 230 to 232 read with Section 66 and 62 and other relevant provisions of the Companies Act, 2013, as may be applicable, and other relevant provisions of the Income-tax Act, 1961, as may be applicable.

We understand that the Valuation is based on the Valuation Certificate dated March 5, 2025 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer').

We, Axial Capital Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by VPL to give a fairness opinion ("Opinion") on Valuation Certificate dated March 5, 2025 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer').

Background of the Companies

Visagar Polytex Limited (“VPL” or the “Company”):

- VPL (CIN: L65990MH1983PLC030215) is a public limited company incorporated on 16th June, 1983 and having its registered office at 907/908 Dev Plaza, SV Road, Andheri West, Mumbai – 400 058 Maharashtra
- VPL is principally engaged in manufacturing and selling of textiles and readymade fabrics.
- VPL is listed on BSE Limited and National Stock Exchange of India Limited
- The authorized, issued, subscribed and paid-up share capital of VPL as on 31st December, 2024 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital	
80,00,00,000 Equity Shares of Re. 1/- each	80,00,00,000
TOTAL	80,00,00,000
Issued Share Capital	
29,27,00,534 Equity Shares of Re. 1/- each	29,27,00,534
TOTAL	29,27,00,534
Subscribed and Paid-up Share Capital	
29,27,00,534 Equity Shares of Re. 1/- each	29,27,00,534
TOTAL	29,27,00,534

Transaction Overview and Rational

The Scheme proposes to restructure the capital of Visagar Polytex Limited (“Company”) which involves reducing the existing equity share capital which is not represented by adequate assets and followed by infusion of fresh equity capital.

The objective of this restructuring exercise is to present a more accurate and fair view of the Company's financial position by aligning its capital structure with its assets and liabilities.

By addressing the impact of Accumulated Losses and infusing fresh capital, the Company aims to improve its financial health, enhance its ability to meet future challenges, and regain the confidence of public shareholders and other stakeholders.

Information relied upon:

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

- Valuation report dated March 5, 2025 issued by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer');
- 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. 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 prior to entering into any transaction, after giving due weightage to the results of such assessment.

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.

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 -

I. Net Asset Value Method ("NAV")

- 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 materialise.
- 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.

2. Income Approach:

- The income approach is widely used for valuation under 'Going Concern' basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow (DCF) Method under the income approach seeks to arrive at a valuation based on strength of the Future cash flows Earnings based that aims at measuring the earning capacity of the target entity and includes methods such as EBITDA, Profit Earning Capacity Value [PECV], Future Maintainable Profit Method [FMPM], Return on Networth [RONW], etc.

3. Market Approach:

- Under the market approach, the valuation is based on the market capitalization of the company in case of listed companies or/and comparable companies trading or transaction multiples of comparable companies. The market approach generally reflects the investors' perception about the true worth of the company.

Deriving a value is influenced by the following factors –

- *The objective or purpose of valuation*
- *The industry and business the transacting entities*
- *The commercial viability of the most appropriate method/s*
- *The unique facts of the case as relating to the entities*
- *The compliance of regulatory framework for the purpose of valuation*
- *Dividend payment capability*

Basis of Valuation and Assumptions made by the valuer:

Drivers in choosing the method of valuation analysis:

- Information
 - Availability
 - Reliability
- Characteristics
- Desired capital structure, and
- Serviceability of capital

Since in the subject case equity shares of a listed company i.e. Visagar Polytex Limited would be issued to the shareholders, the minimum price at which shares are to be issued is prescribed under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 issued vide notification No. SEBI/LAD-NRO/GN/2018/31 dated 11 September 2018 and as amended from time to time. Further as per SEBI circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93, dated 20th June 2023, the issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (hereinafter referred to as "the ICDR Regulations"). It is clarified that the 'relevant date' for the purpose of computing pricing shall be the date of Board meeting in which the scheme is approved.

In the instant case, The Scheme proposes to restructure the capital of Visagar Polytex Limited (“Company”) which involves reducing the existing equity share capital which is not represented by adequate assets and followed by infusion of fresh equity capital. The objective of this restructuring exercise is to present a more accurate and fair view of the Company's financial position by aligning its capital structure with its assets and liabilities.

By addressing the impact of Accumulated Losses and infusing fresh capital, the Company aims to improve its financial health, enhance its ability to meet future challenges, and regain the confidence of public shareholders and other stakeholders.

The shares of the company are listed on the Bombay Stock Exchange & National Stock Exchange and are frequently traded. Therefore, 100% weightage is considered for the Market Price Method under the Market Approach for the present valuation exercise.

Conclusion ratio:-

Based on our valuation exercise Fair Value of the Equity Shares as on March 5, 2025 is as under:

(INR Lakhs)			
Approach	Value per share (*)	Weight	Product
Asset Approach - NAV Method	0.05	0%	0.00
Market Approach - Market Price Method	1.03	100%	1.03
Income Approach - PECV Method	-1.33	0%	0.00
Weighted Average Value per share			1.03

Approach	Method	Selection	Rationale for selection
Asset Approach	NAV Method	-	The business of the company is intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore no weightage is considered for the Asset Approach for the present valuation exercise.
Income Approach	DCF Method / PECV Method	-	Being a listed company, the projections of the company cannot be made public. Considering this, the DCF method has not been selected. The Average profit after tax for the past three years is negative. Accordingly, no weightage is considered for the PECV Method for the present valuation exercise.
Market Approach	Market Price	Selected	The shares of the company are listed on the Bombay Stock Exchange & National Stock Exchange and are frequently traded. Therefore, 100% weightage is considered for the Market Price Method under the Market Approach for the present valuation exercise.

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 valuer dated March 5, 2025.
- B) Limited Reviewed Standalone Financial Results as on September 30, 2024.
- C) Limited Reviewed Standalone Financials for VPL for the Quarter ended December 31, 2024.
- D) 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
- E) Sought various clarifications with the respective senior management teams of VPL
- F) Reviewed historical stock prices and trading volumes of VPL
- G) Reviewed such other information and explanations as we have required and which have been provided by the management of VPL

This opinion is intended only for the sole use and information of VPL in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme or the purpose of complying with the SEBI regulations and requirement of stock exchanges on which the Company is listed, and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of either VPL or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Axial has relied on the Valuation Certificate for the proposed "Scheme of Arrangement" of VPL and their respective shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Axial. Axial's work does not constitute certification or due diligence of any past working results and Axial has relied upon the information provided to it as set out in working results of the aforesaid reports.

Axial has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of VPL and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. 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. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the proposed Scheme of Arrangement between VPL and their respective shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

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 VPL 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 VPL 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 Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') we are of the opinion that the purpose of the proposed Scheme of VPL is fair, from a financial point of view.

The fairness of the Proposed Scheme is tested by:

- (1) Considering whether the Valuation methods adopted by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') 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.

The rationale for Share Exchange ratio as explained above, as assumed by Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') is justified.

We are in opinion that, Bhavesh M Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2019/10708 (referred to as 'Valuer') 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 Axial Capital Private Limited

 

Jitender Nanda
Director
DIN: 09790148

Date: March 5, 2025
Place: Mumbai