

Valuation Report

Aditya Birla Fashion and Retail Limited (ABFRL)

May 2022



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BDO Valuation Advisory LLP
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Ref. No.: LM/May24-18/2022

May 24, 2022

To,

The Board of Directors
Aditya Birla Fashion and Retail Limited
Piramal Agastya Corporate Park, Building "A",
4th and 5th Floor, Unit No. 401, 403, 501, 502,
L.B.S Road, Kurla, Mumbai - 400070

Dear Sir(s)/ Madam(s),

Sub: Report on Floor Price for Preferential Allotment calculated in accordance with Regulation 164(1) - Pricing of frequently traded shares and Regulation 166 & 166A of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2018 and amended from time to time.

We, BDO Valuation Advisory LLP ('BDO Val' or 'We' or 'Us'), have been appointed vide engagement letter dated April 30, 2022, bearing its reference number LM/Apr301/2022 by Aditya Birla Fashion and Retail Limited ("You" or "ABFRL" or "the Client" or "the Company") in relation to determination of floor price of Equity Shares and Equity Linked Instruments ("the Securities") of Aditya Birla Fashion and Retail Limited.

We understand that the Company is proposing to issue the Securities to an identified investor on preferential basis ("the Proposed Transaction") and the Client wants us to determine the floor price of the Securities as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("ICDR Regulations" or "SEBI (ICDR) Regulations, 2018").

We are pleased to present herewith our report on the same. We enclose our report providing our opinion as on May 23, 2022 ("Valuation Date"). The attached report details the valuation methodologies, calculations, and conclusions with respect to this valuation.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions.

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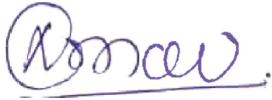
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The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report. Should you require further information or clarifications, please feel free to contact us.

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103



Lata R Gujar More

IBBI No.: IBBI/RV/06/2018/10488

Partner

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1. Brief Background of the Company

Aditya Birla Fashion and Retail Limited ('ABFRL')

- 1.1. Aditya Birla Fashion and Retail Limited ("ABFRL" or "the Client" or "You" or "the Company"), its subsidiaries and its joint ventures are mainly engaged in the business of manufacturing, marketing, sales and/or distribution of fashion apparel, footwear and accessories through offline and/or online channels including wholesale, retail and e-commerce under multiple owned and licensed brands.
- 1.2. The Company has a network of 3,468 stores across approximately 28,585 multi-brand outlets with 6,515 point of sales in department stores across India as on March 31, 2022.
- 1.3. The Corporate Identification Number ("CIN") of the Company is L18101MH2007PLC233901 and its registered office address is Piramal Agastya Corporate Park, Building "A", 4th and 5th Floor, Unit no. 401,403,501,502, L.B.S Road, Kurla, Mumbai - 400070.
- 1.4. The equity shares of ABFRL are listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").
- 1.5. The shareholding pattern of as on March 31, 2022, is as follows:

Particulars	Number of Shares in Mn	%
Promoter & Promoter Group	526.3	56.09%
Public	407.3	43.41%
Shares held by Employee Trust	4.7	0.50%
Total	938.3	100.0%

1.6. Key Past Financial Matrix

Revenue	INR Mn			
	FY19	FY20	FY21	FY22
Revenue from operations	81,177.2	87,878.6	52,489.2	81,362.2
<i>Year on Year Growth</i>		8.3%	(40.3%)	55.0%
EBITDA	5,540.7	12,118.3	5,547.5	10,999.2
<i>EBITDA Margin (%)</i>	6.8%	13.8%	10.6%	13.5%
PAT	3,212.2	(1,650.2)	(7,360.0)	(1,183.6)
<i>PAT (%)</i>	4.0%	(1.9%)	(14.0%)	(1.5%)

The Company's revenue was on an increasing trend till FY20. The revenue in FY21 was majorly impacted recording a decline of 40.3% over FY20 due to the impact of COVID-19 pandemic. The revenue improved in FY22 by 55.0%. The EBITDA margin for the Company improved from 6.8% in FY 19 to 13.8% in FY 20 which reduced to 10.6% in FY21 due to COVID-19 impact on the industry during the year and factoring impact of IND AS 116. It increased to 13.5% in FY22. The PAT Margins also improved to negative 1.5% for FY22 as against negative 14.0% in FY21.

1.7. Key Past Balance sheet items

INR Mn

Balance Sheet as at	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Equity Share Capital	7,734.8	7,739.5	9,150.5	9,382.9
Other Equity *	6,554.0	2,939.4	17,287.4	18,350.3
Net Worth	14,288.8	10,678.9	26,437.9	27,733.2
Minority Interest	-	199.0	324.8	152.0
Debt Outstanding #	19,416.9	29,707.9	12,891.4	13,645.6
Lease Liabilities	-	25,018.0	24,634.0	28,680.9

*Other Equity includes Free Reserves, Capital Reserves, shares options outstanding and Share Suspense Account.

Debt Outstanding includes Term Loans, Debentures, Preference Shares and Interest Accrued on Borrowings.

From the above table, it can be observed that the net worth of the Company decreased to INR 10,678.9 Mn as on March 31, 2020 from INR 14,288.8 Mn as on March 31, 2019, majorly due to the loss incurred in FY20. Further, it increased to INR 26,437.9 Mn as on March 31, 2021, inspite of the losses in FY21 (due to COVID-19) as the Company issued Equity Shares during FY21. The net worth increased to INR 27,733.2 Mn as on March 31, 2022., as received part proceed of fresh capital raise in FY 21.

The debt outstanding of the Company increased to INR 29,707.9 Mn as on March 31, 2020, as the Company undertook major acquisitions during FY20 and FY21. However, the debt outstanding decreased to INR 12,891.4 Mn as on March 31, 2021 on account of fresh capital raised through rights issue of INR 9,950.0 Mn (via partly paid-up equity shares, hence part of the proceeds were received in FY22) and preferential issue of INR 15,000.0 Mn in FY21.

2. Purpose of Valuation

- 2.1. We understand that the Company is proposing to issue the Securities to an identified investor on preferential basis (“the Proposed Transaction”) and appointed us to determine the floor price of its Securities as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (“ICDR Regulations” or “SEBI (ICDR) Regulations, 2018”).
- 2.2. The Company has informed us that they are proposing to issue more than 5% of the post issue fully diluted share capital.
- 2.3. We, BDO Valuation Advisory LLP (“BDO Val” or “We” or “Us”), have been appointed vide letter dated April 30, 2022, bearing its reference number LM/Apr301/2022 by the Client to determine the floor price of the Securities for preferential allotment.

- 2.4. The Client's Management ("the Management") has informed us to consider the Valuation Date for current valuation exercise as May 23, 2022 ("Valuation Date"). Therefore, the cut-off date for all information, including market data, has been considered till May 23, 2022.

3. Terms of Engagement

Context and Purpose

- 3.1. BDO Val has been appointed by the Company to determine the floor price of its Securities as per ICDR Regulations. This valuation exercise and Valuation Report are solely for the purpose mentioned in the Report.

Restricted Audience

- 3.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Client only for applicable provisions and circular issued by Securities and Exchange Board of India ("SEBI"). The results of our valuation analysis and our Report cannot be used or relied by the Company for any other purpose or by any other party for any purpose whatsoever.
- 3.3. This Report will be placed before the Board of Directors of ABFRL and intended only for their sole use and information only. To the extent mandatorily required under applicable laws of India, this Report maybe produced before judicial, regulatory or government authorities, in connection with the proposed issue of the Securities (including with SEBI and stock exchanges). We are not responsible to any other person or party for any decision of such person or party based on this Report. Any person or party intending to provide finance/ invest in the shares/ business of the Company or its subsidiaries, associates, joint ventures 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. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to BDO Val.
- 3.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 3.5. Without limiting the foregoing, we understand that the Client may be required to share this Report with SEBI, professional advisors of the Client and share it with the proposed allottee and be published on the website of the Company with a reference of the same in the notice calling the general meeting of shareholders as per the Regulations 166 (1A) of the ICDR Regulations. We hereby give consent to such disclosure of this Report, on the basis that we owe responsibility only to the Client/ Board of Directors that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any

document and/or filing with SEBI and Ministry of Corporate Affairs, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Client.

4. Caveats, Limitations and Disclaimers

- 4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2. This Report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the Report date and (iii) based on the data detailed in the section - Sources of Information. The Management of the Company have represented that the business activities of the Company has been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur upto the Report date.
- 4.3. We were provided with sufficient information and time to make our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed / hidden from us during our valuation exercise.
- 4.4. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Company. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Company and have considered them at the value as disclosed by the Company in their regulatory filings or in submissions, oral or written, made to us.
- 4.5. Further, this Valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Company. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.6. We have no present or planned future interest in the Company or any of their group entities.
- 4.7. The recommendation contained herein is not intended to represent value at any time other than the Valuation Date.
- 4.8. This Report is subject to the laws of India.

- 4.9. The fee for this engagement is not contingent upon the outcome of the Report.
- 4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.11. This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Company. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- 4.12. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 4.13. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
- 4.14. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 4.15. The valuation has been arrived based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.
- 4.16. Our scope is limited to recommendation of floor price of the Securities of the Company. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Transaction with the provisions of any law including, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Transaction.
- 4.17. The Report assumes that the Company comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated and that the Company will be managed in competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not recorded in the financial statements of the Company.
- 4.18. This Report does not look into the business/commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment

of commercial and investment merits in the Company is sole responsibility of the investors of the Company and we don't express opinion on the suitability or otherwise of entering into any financial or other transactions with the Company.

- 4.19. Valuation and determination of a fair value is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.
- 4.20. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.
- 4.21. We owe responsibility to only the Board of Directors of the Client and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Company, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Client as laid out in the engagement letter, for such valuation work.
- 4.22. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 4.23. This Report does not in any manner address the prices at which equity shares of ABFRL will trade following the announcement and/or implementation of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of the Company should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.
- 4.24. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Company (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

4.25. Further, after declaration of COVID-19 as a pandemic by World Health Organization had caused a widespread disruption in businesses as well as on financial markets in India and globally alike. Our assumptions for the valuation is surrounded by this unprecedented uncertainty across all the industries and sectors including the time period over which these circumstances could prevail. The valuation assumptions, the underlying projections and the outcome of the valuation analysis could materially change as a result of the continued or increased uncertainty around the prevalence of COVID-19 circumstances and hence a reliance on our valuation must be placed considering these unprecedented circumstances.

5. Sources of Information

5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management representatives of the Company:

- Audited consolidated financial statements of ABFRL for the financial year ending 31st of March (“FY”) 2019 to 2021;
- Audited Consolidated Financial Results of ABFRL for the financial year and quarter ending March 31, 2022;
- Details of Debt outstanding, Cash & Cash equivalents, Investments and Contingent Liabilities as on March 31, 2022;
- Information provided by leading database sources and available in public domain; and
- Other relevant data and information provided to us, whether in oral or physical form or in soft copy, and discussions with the representatives of the Client.

6. Procedures Adopted

6.1. In connection with the valuation exercise of the Company, we have adopted the following procedures:

- Requested and received the historical financials as well as qualitative information of the Company and its operations;
- Obtained data available in public domain;
- Discussion with the Client (over call) with regard to the Company;
- Understood the business and fundamental factors that affect its earning-generating capability and historical financials;
- Considered ICDR Regulations.
- Selection of appropriate internationally accepted valuation methodologies after careful deliberations. Our valuation and this report are based on the premise of “going concern”

value. Any change in the valuation base, or the premise could have significant impact on the outcome of the valuation exercise, and therefore, this Report.

- Determination of floor price of Securities of the Company as on the Valuation Date.
- The Client has been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies/omissions of the information are avoided in our final Report; and
- Issue of final report.

7. Valuation Approaches

- 7.1. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.
- 7.2. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.
- 7.3. It may be noted that BDO Valuation Advisory LLP is a registered valuer enrolled with Insolvency and Bankruptcy Board of India (“IBBI”) through IOV Registered Valuers Foundation which has recommended International Valuation Standards (“IVS”) for undertaking valuation exercise and same are considered by us.
- 7.4. For valuation exercise, market parameters have been considered up to and including May 23, 2022.
- 7.5. There are three generally accepted approaches to valuation:
- (a) “Asset” / “Cost” Approach
 - (b) “Income” Approach
 - (c) “Market” Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

(a) Asset / Cost Approach

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

(b) 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 Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow Method

Under the Discounted Cash Flow ('DCF') method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount rate is the Weighted Average Cost of Capital ('WACC'), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-

operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

(C) Market Approach

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

i. Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('CCM') method, the value is determined on the basis of 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 between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('CTM') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

8. Valuation Approach as per SEBI Regulations

8.1. As stated in the previous section, we have to determine the floor price of Securities of the Company, as per the relevant provisions of ICDR Regulations are applicable, which are as follows:

8.1.1. As per Regulation 164 (1) - for frequently traded security, the floor price of the equity shares to be allotted pursuant to preferential issue shall be higher of 90/10 trading days' volume weighted average price (VWAP) of the scrip preceding the relevant date.

8.1.2. As per first proviso to Regulation 164 (1) - Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

8.1.3. As per Regulation 166A(1) - An additional requirement for a valuation report from an independent registered valuer shall be required in case of change in control/ allotment of more than 5% of post issue fully diluted share capital of the issuer company to an allottee or to allottees acting in concert. The same shall be considered for determination of floor price in addition to the methodology brought out above.

8.1.4. Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

8.1.5. As per Regulation 164(5) - frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.

8.1.6. As per Regulation 161- the 'relevant date' in case of preferential issue of equity shares means the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue.

8.2. As per Regulation 169 (2)- In the case of warrants, an amount equivalent to at least twenty-five per cent of the consideration determined in terms of regulation 164 shall be paid against each warrant on the date of allotment of warrants and the balance seventy five per cent of the consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

Provided that in case the exercise price of the warrants is based on the formula, at least twenty-five per cent. of the consideration amount calculated as per the formula with conversion date being the relevant date shall be paid against each warrant on the date of allotment of warrants

and the balance consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

8.3. The Summary of conclusion on valuation approaches is given below:

8.4. **Cost Approach:** This valuation approach is mainly used in case where the assets base dominates earnings capability. Since the true worth of the company shall be reflected in future earning potential therefore, we have not considered the cost approach for arriving at the equity value of the Company.

8.5. **Income Approach:**

The DCF method takes into account the specific strength of the company to be valued and represents the expected performance of the company based on its projections including the incremental working capital and capital expenditure requirement to achieve the projections. In the current case, Discounted Cash Flow Method under the Income Approach has not been considered as the management has not provided us the information related to future financial projections being price sensitive.

8.6. **Market Approach:**

8.6.1. **Market Price Method:**

- As stated above, the equity shares of the Company are listed on NSE and BSE. There are regular transaction in the equity shares with reasonable volumes. The pricing regulations stated is considered for arriving the price as per market price method.
- The volume of equity shares traded of ABFRL are frequently traded on NSE & BSE in terms of Regulation 164(5) of ICDR Regulations, with maximum volume recorded on NSE.
- Therefore, we have considered the share prices quoted on NSE for determining the floor price of the Company. The value per share of the Company as per Regulation 164 (1) of ICDR Regulations, is INR 288.74 as below:

Particulars	Value Per Share	Annexure
90 Trading Day's VWAP	288.74	I
10 Trading Day's VWAP	270.49	II
Higher of Above	288.74	

8.6.2. Therefore, as per Regulation 164 (1), the price of INR 288.74 is considered.

8.6.3. The Management has informed us that there is no valuation methodology/formula prescribed in AOA.

8.6.4. Valuation as per Regulation 166A (1) of ICDR Regulations:

8.6.4.1. Market Price Method:

For the valuation as per market price method, we have considered valuation as stated in para 8.6.1 above.

8.6.4.2. Comparable Companies Method:

We have carried out analysis of listed comparable companies in the Apparel and Luxury Retail Industry like Shoppers Stop Limited, Trent Limited, Arvind Fashions Limited, Raymond Limited etc., with respect to the size of operations, revenue, number of Stores, area in sq. ft., EBITDA Margins (%), revenue per sq. ft. and EBITDA per sq. ft.

We have undertaken valuation of ABFRL as per EV/Revenue and EV/EBITDA multiple.

8.6.4.2.1. Valuation as per EV/Revenue Multiple:

- We have analyzed the EV / Revenue multiple of the Company vis-à-vis comparable companies.
- To arrive at valuation of the Company as per CCM Method we have considered reported revenue of FY22.
- The EV/Revenue multiple of 2.19x is considered to arrive at Enterprise Valuation under CCM Method.
- The Enterprise Value so arrived is adjusted for Debt Outstanding and other adjustments including Cash & Cash equivalents, other surplus assets etc. to arrive at Equity Valuation.
- Accordingly, Equity Valuation of the Company is arrived at INR 143,397.52 Mn.
- Based on the analysis of historical multiples and comparison with the industry, we have observed that Revenue per sq. ft. is earned by the Company is on a lower side as compared to Industry Median, however profitability i.e., EBITDA per sq. ft is on a higher side. Accordingly, the valuation arrived based on Industry median EV/Revenue multiple is adjusted to consider the superior profitability as compared to the peers.
- Based on the above, Equity Valuation of the Company is arrived at INR 215,096.28 Mn and Value per share is arrived at INR 229.24 (for 938.30 Mn outstanding equity shares) (Refer Annexure III).

8.6.4.2.2. Valuation as per EV/EBITDA Multiple:

- We have analyzed the EV/EBITDA multiple of the Company vis-à-vis comparable companies.
- To arrive at valuation of the Company as CCM Method we have considered reported EBITDA for FY 22.
- The EV/EBITDA multiple of 26.43x is considered to arrive at Enterprise Valuation.

- The Enterprise Value so arrived is adjusted for Debt Outstanding and other adjustments including Cash & Cash equivalents, other surplus assets etc. as on March 31, 2022 to arrive at Equity Valuation.
- Equity Valuation of the Company is arrived at INR 255,923.16 Mn and Value per share is arrived at INR 272.75 (for 938.30 Mn outstanding equity shares) (Refer Annexure IV).

8.6.4.3. We are recommending higher of the valuation from the value arrived as per EV/Revenue multiple and EV/EBITDA multiple, which is INR 272.75 per share arrived as per EV/EBITDA multiple.

8.6.4.4. Comparable Transaction Method:

We have analyzed few deals taken place in last two-three years in Apparel and Luxury Retail industry. The deals are related to unlisted companies, hence, there is limited availability of financial data. Couple of them are very small in size has been ignored and few of the deals is comparable in terms of business profile, however, it's not comparable to ABFRL's stage of business and current financial state. Hence, we have not considered CTM method for our valuation.

8.6.5. The Valuation as per Regulation 166A is as follows -

Particulars	Value Per Share (INR)
Regulation 164(1) of ICDR Regulations - Refer para 8.6.1	288.74
Price determined by us - Refer para 8.6.4.3	272.75
Higher of Above	288.74

Based on the above, valuation as per Regulation 166A is arrived at INR 288.74/- per equity share.

9. Conclusion

- 9.1. The valuation conclusions arrived at many cases are by their nature subjective and dependent on the exercise of individual judgment. There can be therefore no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.
- 9.2. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions and limitations, were given due consideration.
- 9.3. As stated in Para 8.1.4, the following is the summary of the valuation:

Particulars	Value Per Share (INR)
Regulation 164(1) of ICDR Regulations - Refer para 8.6.1	288.74
First Proviso to Regulation 164(1) of ICDR Regulations - Refer para 8.6.3	N.A.
Regulation 166(A) of ICDR Regulations - Refer para 8.6.5	288.74
Higher of Above	288.74

- 9.4. As per the information shared by the Company, it is proposing to issue equity warrants as well to the investor. The conversion of warrants to equity shares is in the ratio of 1:1. The conversion price for one share warrant is calculated as per regulation 164. Hence, the value of one share warrant will be equal to one equity share as valued under this Report.
- 9.5. Based on the above, the value per equity share and warrant of the Company is INR 288.74.

10. Annexure

Annexure I

90 Trading Day's VWAP			
Sr.No.	Date	Volume	Value
1	May 23, 2022	21,06,012	57,60,34,094.15
2	May 20, 2022	20,57,389	55,59,75,232.95
3	May 19, 2022	40,55,288	1,09,29,86,905.85
4	May 18, 2022	74,46,822	2,08,26,72,451.45
5	May 17, 2022	32,85,418	91,21,65,294.90
6	May 16, 2022	34,74,223	94,68,27,992.95
7	May 13, 2022	19,80,581	51,98,10,701.35
8	May 12, 2022	16,69,044	41,96,80,990.40
9	May 11, 2022	29,85,124	76,34,50,542.95
10	May 10, 2022	12,74,445	33,54,48,977.45
11	May 9, 2022	17,67,206	46,77,00,617.25
12	May 6, 2022	30,91,484	82,85,97,855.75
13	May 5, 2022	7,97,695	22,26,71,130.55
14	May 4, 2022	14,24,245	40,33,22,056.05
15	May 2, 2022	8,17,211	23,06,89,985.05
16	April 29, 2022	18,76,974	54,05,08,680.10
17	April 28, 2022	17,91,084	50,77,27,519.60
18	April 27, 2022	18,85,566	52,90,51,314.90
19	April 26, 2022	12,80,507	36,01,67,778.50
20	April 25, 2022	22,86,631	64,32,08,786.50
21	April 22, 2022	22,88,115	65,85,70,308.25
22	April 21, 2022	21,81,901	64,08,80,076.55
23	April 20, 2022	20,98,909	61,29,31,518.15
24	April 19, 2022	25,34,588	74,74,72,406.60
25	April 18, 2022	16,87,310	49,22,84,623.55
26	April 13, 2022	29,51,199	88,43,12,645.15
27	April 12, 2022	21,57,713	64,09,01,742.05
28	April 11, 2022	15,85,279	48,79,36,326.95
29	April 8, 2022	20,46,059	63,33,64,830.35
30	April 7, 2022	40,59,735	1,27,97,62,739.25
31	April 6, 2022	65,43,796	2,06,25,79,407.90
32	April 5, 2022	61,04,321	1,87,43,65,868.35
33	April 4, 2022	25,82,645	77,27,49,856.85

90 Trading Day's VWAP			
Sr.No.	Date	Volume	Value
34	April 1, 2022	22,73,515	67,98,50,189.15
35	March 31, 2022	34,84,519	1,04,80,85,121.70
36	March 30, 2022	22,10,411	66,40,59,101.55
37	March 29, 2022	27,89,003	83,91,27,343.65
38	March 28, 2022	24,82,604	73,39,46,124.45
39	March 25, 2022	20,98,803	62,14,06,032.00
40	March 24, 2022	34,32,943	1,00,69,25,859.80
41	March 23, 2022	21,32,897	61,31,22,779.35
42	March 22, 2022	19,51,163	55,87,80,300.70
43	March 21, 2022	18,45,577	53,13,15,778.70
44	March 17, 2022	31,21,789	89,42,23,360.90
45	March 16, 2022	13,68,471	38,08,20,743.70
46	March 15, 2022	12,31,973	33,77,55,703.15
47	March 14, 2022	14,12,546	39,10,30,316.65
48	March 11, 2022	12,20,006	33,94,65,812.05
49	March 10, 2022	21,91,964	61,44,02,393.75
50	March 9, 2022	41,44,465	1,14,24,44,629.80
51	March 8, 2022	22,75,142	60,63,45,698.35
52	March 7, 2022	24,74,598	63,73,60,055.90
53	March 4, 2022	34,47,343	90,79,33,144.30
54	March 3, 2022	21,15,861	57,26,24,244.75
55	March 2, 2022	27,57,606	74,45,82,411.30
56	February 28, 2022	38,53,921	1,03,35,32,187.95
57	February 25, 2022	20,94,244	55,49,21,957.30
58	February 24, 2022	56,33,430	1,43,91,92,839.40
59	February 23, 2022	16,58,245	44,56,95,297.00
60	February 22, 2022	20,00,691	52,51,79,245.45
61	February 21, 2022	17,39,662	47,01,04,718.20
62	February 18, 2022	7,27,808	19,94,45,678.50
63	February 17, 2022	14,68,321	40,72,68,765.40
64	February 16, 2022	30,57,959	85,24,61,849.15
65	February 15, 2022	27,77,483	75,80,36,787.75
66	February 14, 2022	36,25,251	98,64,44,744.35

90 Trading Day's VWAP			
Sr.No.	Date	Volume	Value
67	February 11, 2022	17,97,849	52,11,29,614.15
68	February 10, 2022	25,14,519	74,80,23,503.85
69	February 9, 2022	25,17,367	74,03,32,212.30
70	February 8, 2022	21,67,674	62,50,15,249.25
71	February 7, 2022	66,59,707	1,97,21,94,992.95
72	February 4, 2022	63,54,420	1,91,25,82,532.05
73	February 3, 2022	26,51,856	81,13,70,244.40
74	February 2, 2022	32,60,355	1,00,01,95,645.25
75	February 1, 2022	34,68,373	1,04,14,44,810.50
76	January 31, 2022	21,26,905	62,30,09,165.10
77	January 28, 2022	36,19,458	1,05,25,02,808.35
78	January 27, 2022	57,91,253	1,65,14,55,435.50
79	January 25, 2022	45,06,810	1,27,91,55,929.40
80	January 24, 2022	43,76,973	1,26,26,21,376.45
81	January 21, 2022	31,15,929	96,07,29,553.40
82	January 20, 2022	21,08,440	65,88,94,869.30
83	January 19, 2022	30,83,401	96,22,50,626.95
84	January 18, 2022	54,56,054	1,71,86,88,895.35
85	January 17, 2022	47,71,631	1,48,77,73,947.45
86	January 14, 2022	47,49,708	1,46,91,76,711.85
87	January 13, 2022	40,01,270	1,22,43,35,304.80
88	January 12, 2022	83,32,254	2,52,85,75,634.85
89	January 11, 2022	17,73,684	52,15,32,313.75
90	January 10, 2022	28,69,860	84,65,42,946.45
Total		25,93,50,483	74,88,42,36,798.35
VWAP		288.74	

Annexure II

10 Trading Day's VWAP			
Sr.No.	Date	Volume	Value
1	May 23, 2022	21,06,012	57,60,34,094.15
2	May 20, 2022	20,57,389	55,59,75,232.95
3	May 19, 2022	40,55,288	1,09,29,86,905.85
4	May 18, 2022	74,46,822	2,08,26,72,451.45
5	May 17, 2022	32,85,418	91,21,65,294.90
6	May 16, 2022	34,74,223	94,68,27,992.95
7	May 13, 2022	19,80,581	51,98,10,701.35
8	May 12, 2022	16,69,044	41,96,80,990.40
9	May 11, 2022	29,85,124	76,34,50,542.95
10	May 10, 2022	12,74,445	33,54,48,977.45
Total		3,03,34,346	8,20,50,53,184.40
VWAP		270.49	

Annexure III

Particulars	INR Mn
	Amount
Revenue	81,362.20
EV / Revenue Multiple	2.19
Enterprise Value	1,78,183.22
Other Adjustments as on Valuation Date	(34,785.70)
Equity Value	1,43,397.52
Premium (Refer Para 8.6.4.2.1)	71,698.76
Equity Value	2,15,096.28
Fully Diluted Nos of Equity Shares (in mn)	938.30
Value per equity share (INR)	229.24

Annexure IV

Particulars	INR Mn
	Amount
Revenue	81,362.20
EBITDA	10,999.20
EV / EBITDA Multiple	26.43
Enterprise Value	2,90,708.86
Other Adjustments as on Valuation Date	(34,785.70)
Equity Value	2,55,923.16
Fully Diluted Nos of Equity Shares (in mn)	938.30
Value per equity share (INR)	272.75