BHAVIN PATEL
B.E. (Mech),
Cost Accountant
MIE, IBBI Regd Valuer
Chartered Engineer (I)

CMA
CEng Chartered Engineer
VALUER

BHAVIN R. PATEL & ASSOCIATES
Cost Accountant,
Valuer (Plant & Machinery),
Valuer (Land & Building),
Valuer (Securities & Financial Assets),
Chartered Engineer.

25th Aug, 2024

To
The Board of Directors
Perfect-Octave Limited
702, 7th Floor, Crystal Paradise Premises Co-Op Soc Ltd, Veera Desai Road,
Andheri West, Mumbai, Maharashtra, India, 400053

Subject: Valuation of Equity Shares of **"Perfect-Octave Limited"** ('the Company') for the purpose of determining the price of shares to be issued by the Company in terms of section 62(1)(c) of the Companies Act, 2013.

Dear Sirs,

In accordance with my engagement letter dated 16th Aug, 2024, I hereby enclose my Report on valuation of equity shares of your Company. The sole purpose of the valuation is to assist the Company in determining the fair value of the equity shares, in terms of section 62(1)(c) of the Companies Act, 2013.

I have provided the valuation opinion in the capacity of Registered Valuer under the provisions of Companies Act, 2013.

In rendering the aforementioned advisory services, I reviewed and relied upon various materials/ information provided by the Management. My report is based on the historical financial information provided to me by the Management. Because of the limited purpose of this report, the financial information presented in this report may be incomplete and may contain departures from generally accepted accounting principles.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed therein. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein. I have not audited, reviewed or compiled the financial information provided by the Management and express no assurance on it. Had I audited or reviewed the financial information, matters may have come to my attention that could have resulted in my use of the amounts that differ from those provided. Accordingly, I take no responsibility for the underlying data presented in this report.

Based on my study and analytical review procedures, and subject to the limitations expressed within this report, in my view, **the fair value of equity shares of the Company on a going-concern basis, for the for the aforesaid purpose, as on 15th Aug, 2024 is Rs. 98 (Rupees Ninety-Eight Only) per Equity Share.**

I have no present or contemplated financial interest in the Company. My fees for this valuation are in no way contingent upon the results of my findings. I have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report. This report is not to be copied or made available to any persons without my express written consent.

Yours sincerely,

Bhavin R Patel

IBBI Registered Valuer

Securities and Financial Assets

Regn No.: IBBI/RV/05/2019/11668

UDIN: 2431969ZZ3KAUL95DK

REGISTERED VALUER * Bhavin R. Patel IBBI/RV/05/2019/11668 * S&FA

Address: 315 Phoenix Complex Nr Suraj Plaza Sayajigunj Vadodara 390020
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EXECUTIVE SUMMARY

S. No.	Particulars	:	Information
1.	Name	:	**Perfect-Octave Limited**
2.	Constitution	:	**Public Limited Company**
3.	Registered office address	:	702, 7th Floor, Crystal Paradise Premises Co-Op Soc Ltd, Veera Desai Road, Andheri West, Mumbai, Maharashtra, India, 400053
4.	Date of incorporation	:	19th May, 2003
5.	Authorized Capital	:	**INR 2,00,00,000 /-**
6.	Paid – Up Capital	:	**INR 1,14,12,880/-**
7.	Email ID	:	ratish.advice@gmail.com
8.	Instrument to be valued	:	Equity shares of the Company
9.	Business Activity	:	It is involved in Motion picture, radio, television and other entertainment activities
10.	Purpose of Valuation	:	Determination of the price of shares, in terms of section 62(1)(c) of the Companies Act, 2013.
11.	Valuation Date	:	Aug 15, 2024
12.	Premise of Value	:	Going Concern

Fair Value per Share

Valuation Methods	Amount (INR)
Fair value per Share as per Net Assets Value (NAV) Method	**1.89**
Fair value per Share as per Comparable Company Method (CCM) Method	**5.70**
Fair value per Share as per Discounted Cash Flow (DCF) Method	**98.00**
Recommended fair value per Share (INR) (Highest of 3)	**98.00**

1. BACKGROUND AND TERMS OF ENGAGEMENT

1.1 "Perfect-Octave Limited" is a Public Limited Company incorporated under the Companies Act, 1956.

1.2 As per clause (c) of sub-section 1 of section 62 of the Companies Act, 2013, where at any time, a company having share capital proposes to increase its subscribed capital by issue of further shares, other than under clause (a) of clause (b) of section 62(1), either for cash or for a consideration other than cash, the price of such shares is to be determined by the valuation report of a registered valuer.

1.3 For this purpose, Management has engaged me (vide Engagement Letter dated 16^{th} Aug, 2024) to submit a report on the "fair value" (FV) of the equity shares of the Company, the Valuation Date contemplated being 15^{th} Aug, 2024. This Report addresses itself to that task.

2. BROAD PROFILE OF THE COMPANY

2.1 It is involved in Motion picture, radio, television and other entertainment activities

2.2 Shareholding pattern of the Company as on Aug 15, 2024 is as under:

Sl No.	Name of Shareholders	Number of Shares	Total Value of Shares
1	Ratish Tagde	5,000	50,000
2	Innovative Health Tech Solutions Private Limited	4,94,600	49,46,000
3	Madhuri Sudarshan Madye	80	800
4	Surmani Content Developers LLP	2,48,000	24,80,000
5	Pritam Devidas Kumawat	52,320	5,23,200
6	Raga Café LLP	1,84,320	18,43,200
7	Insync Digital Media Private Limited	1,56,968	15,69,680
TOTAL		**11,41,288**	**1,14,12,880**

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Bhavin. R. Patel
S&FA

3. DATA OBTAINED

3.1 I have called for and obtained such data, information, etc. as were considered necessary for the purpose of my assignment, which have been made available to me by the Company. (Details given in the **Appendix I** to this report)

3.2 For the purpose of my assignment, I have relied on the statements, information and explanations provided to me by the Management and have not tried to establish the accuracy or otherwise thereof.

4. IDENTITY OF THE VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION

4.1 Identity of the Valuer:

Name	:	Bhavin R Patel
Credentials	:	IBBI Registered Valuer Securities and Financial Assets Regn No.: IBBI/RV/05/2019/11668

4.2 No other expert was involved in the valuation apart from the Valuer as above.

5. DISCLOSURE OF INTEREST OR CONFLICT, IF ANY

The valuer or any of his relatives is not related or associated with the subject company. The valuer has conducted the valuation independent of external influences.

6. APPROACH TO VALUATION

6.1 The valuation methodology to be adopted varies from case to case depending upon the factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, future prospects of the company and industry and other attendant circumstances.

6.2 Different methodologies are adopted for valuation of manufacturing, investment, property and trading companies. Investment and property companies are valued based on the market value or fair value of their underlying assets while manufacturing companies are valued in relation to profits from business and relative value of assets. Different methodologies used for the purpose of valuation are explained subsequently.

6.3 Income Approach:

6.3.1 The Income Approach derives an estimation of value based on the sum of the present value of expected economic benefits associated with the asset or business. Under the Income Approach, the appraiser may select a single period capitalization method (profit earning capacity value method or PECVM) or multi-period discounted future income method (DCF).

6.3.2 The basis of PECVM approach is to find the normalized earning capacity of the business and to capitalize it on the basis of appropriate rate considering the business fundamentals of business cycle, safety, return and time. In this method, future maintainable profit of the company is calculated, Alternatively, an appropriate multiple can be used with the normalized earnings to arrive at fair estimation of business value. The average annual maintainable earnings should be representative and is generally determined based on average past earnings or future projected earnings where past earnings are not representative of the future earning potential of the business. The capitalization rate is taken based at P/E Multiple of the industry on the rate of return expected by the equity shareholders of the company.

6.3.3 DCF methodology expresses the present value of a business as a function of its future earning capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. It recognizes that money has a time value by discounting future cash flows at an appropriate discount factor.

6.3.4 Here we use this method for the valuation of shares.

6.4 Market Approach:

6.4.1 Under this approach the valuation is done on the basis of the quoted market price of the company in case it is a publicly traded company, or publicly traded comparable businesses is reviewed in order to identify a peer group similar to the subject company and then their multiples are applied to the entity being valued to determine the fair value.

6.4.2 Usually under the market-based approach, the methods that may be applied are Market Price Method, Comparable Multiple Method (CMM), Comparable Transaction Method (CTM) or Price of Recent Investment Method (PORI). Under the CMM method various multiples like EV/Sales, EV/EBITDA, P/BV P/E, P/Sales can be used to value a business depending upon the facts and circumstances of the cases. (EV = Enterprise value, P = Price, BV = Book Value, E = Earnings).

6.4.3 We use this method for valuation using EV/EBITDA & P/E multiples. We use data available in public domain for valuation. We consider March 31, 2024 as date of valuation for this method.

6.5 Cost Approach:

6.5.1 This methodology is likely to be appropriate for a business whose value derives mainly from the underlying assets rather than its earnings, such as property holding and investment business. Some of the most common techniques of valuation considered under this approach are to value a business enterprise on the basis of book value of the assets, adjusted book values or at replacement value.

6.5.2 Net assets values, like land and building, goodwill and investments may need to be revalued as on the date of the valuation, so that their intrinsic value is reflected in the value of the share.

6.5.3 We use Net Book Value/ Net Assets Value (NAV) method for valuation of equity shares. We consider March 31, 2024 as date of valuation for this method.

7. METHOD ADOPTED FOR VALUATION OF SHARES OF THE COMPANY

7.1 The application of any particular method of valuation depends on the purpose for which the valuation is done. It should be understood 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 control. In performing my analysis and selection of valuation approach, I have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company.

7.2 The NAV method is likely to be appropriate for a company whose value is mainly derived from the holding of assets rather than from deploying those assets as part of a broader business. Examples of such companies are property-holding companies and investment entities. In the case of this Company, there are no substantial tangible assets such as land, plant, machinery, etc. involved in the business.

7.3 In view of the above and having regard to the foregoing established principle, I have considered it appropriate to estimate the value of the Equity shares of the Company based on the all three methods, i.e., Net Assets Value (NAV) Comparable Company Method (CCM) & Discounted Cash Flow Method ("DCF"). And we recommend highest of them as per equity share fair value.

7.4 The steps adopted for the valuation based on NAV Approach as follows:

7.4.1 for the purpose of valuation, we calculate the net worth of company as on 31.03.2024 by subtracting "Total Liabilities" form "Total Assets" of the company. After that we divided the "Net Worth" by total number of Equity Shares to derive the per share value.

7.4.2 In this case Total Assets of company is Rs. 247.03 Lakhs and Total Liabilities is Rs. 225.51 Lakhs. Hence, Net worth of company is Rs. 21.52 Lakhs. So, Fair Value per Equity Share comes as Rs. 1.89 per equity share.

7.4.3 My workings are summarized as **Appendix II** to this report

7.5 The steps adopted for the valuation based on CCM Approach as follows:

REGISTERED VALUER Bhavin R. Patel

7.5.1 for the purpose of valuation, we take data of listed companies available in public domain, in the same field as our targeted company. We take data as on 31.03.2024. We consider EV/EBITDA & P/E multiple for calculation value of equity share.

7.5.2 We gave 50% weightage to both multiples of calculation. We also deduct 10% for Discount for Lack on Marketability before deriving final value. So, Fair Value per Equity Share comes as Rs. 5.70 per equity share.

7.5.3 My workings are summarized as **Appendix III** to this report

7.6 The steps adopted for the valuation based on DCF Approach are as follows:

7.6.1 for the purpose of valuation, I reviewed the projections given to us by the Company for a period of five years. I have applied checks to the same for accepting the same for the purpose of this exercise.

7.6.2 I take the Profit After Tax ("PAT") recomputed based on the sales as per para 7.5.1. The PAT is adjusted by projected capital outlays and the income tax liability so as to arrive at the Free Cash Flows in the respective future years.

7.6.3 These Free Cash Flows are discounted at the Weighted Average Cost of Capital ("WACC") to arrive at the Present Value ("PV") thereof. WACC is calculated by applying appropriate weightages to cost of equity and post-tax cost of debt, considering existing and targeted debt-equity ratio, industry standards and other parameters. Cost of equity is the aggregate of risk-free rate and risk premium to account for the riskiness of the business. For this purpose, I considered the 10 years bond yield rate as on 15.08.2024 on government securities as a risk-free rate.

7.6.4 The estimated Free Cash Flows for the terminal year is estimated by applying a growth rate of 1.05 times on sale and capital expenses of last projected year and applying a targeted operating profit margin. The Estimated Free Cash Flows of the terminal year are capitalized using WACC with a perpetual growth rate of 3.50% and thereafter discounted to arrive at the PV of perpetuity.

7.6.5 The PV of Free Cash Flows and perpetuity are aggregated to arrive at Enterprise Values ("EV") which works out to INR 22.02 Crore. The Company having long-term and short-term debt, and also having Cash & Cash Equivalent, hence we take these effects to calculate Equity Value, as on Aug 15, 2024, the Equity Value after adjusting cash will be of Rs. 22.37 Crore.

7.6.6 The Company being Private Limited Company, I have applied the liquidity discount of 25% on account of Lack of Marketability and Lack of control, each, the value derived on point 7.5.5. the Equity Value after applying liquidity discount is Rs. 11.18 Crore.

7.6.7 Equity Value as envisaged in 7.5.6 is divided by the number of outstanding equity shares to arrive at ***Value per equity share which works out to INR 98***.

7.7 My workings are summarized as **Appendix III** to this report.

8. CONCLUSION

Having regard to all the factors discussed herein, including the approach to valuation, in my opinion, the fair value of the equity shares of the Company, on a going concern basis, for the purpose as mentioned earlier would be INR 98 per equity share of face and paid-up value of Rs. 10 each. This should be read in conjunction with "Statement of Limiting Conditions and Disclaimer" as provided at the end of this Valuation report.

9. STATEMENT OF LIMITING CONDITIONS AND DISCLAIMER

9.1 My Report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts.

9.2 I have relied on the information in respect of the profile of the Company and the industry obtained either from the management or through the other sources mentioned therein. I have not independently verified the accuracy and completeness of such information.

9.3 For the purpose of my valuation, I have considered the post money valuation.

9.4 This report is provided, for the use by and on behalf of the Company for the specified purpose. It shall not confer any rights or remedies upon any other person. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed per terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. The estimate of values contained herein is not intended to represent value of the instrument at any time other than the valuation date as per the agreed scope of our engagement.

9.5 My valuation is based on the information furnished to me being complete and accurate in all material respects. The same is based on the unaudited financial information provided by the Management. Audited financial statements may vary from those contained in the statement and the variation may be material.

9.6 The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

9.7 I have relied upon representations from the Management of the Company that the information relating to it contained in this Report is materially accurate, complete and fair in the manner of its portrayal and, therefore, forms a reliable basis for the valuation.

9.8 My valuation is based on the market conditions and the regulatory environment that currently exist. However, changes to the same in the future could impact the operations of the Company, which may impact our valuation.

9.9 I owe responsibility only to the Company that has retained me and nobody else. I do not accept any liability to any third party in relation to the issue of this Report. The fee for the report is not contingent upon the results reported.

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Bhavin. R. Patel
IBBI/RV/...
2019/...
SFA

9.10 I have no obligation to update this Report because of events or transactions occurring subsequent to the date of this report.

Bhavin R Patel
IBBI Registered Valuer
Securities and Financial Assets
Regn No.: IBBI/RV/05/2019/11668
UDIN: 2431969ZZ3KAUL95DK

APPENDIX I
(Vide Para 3.1)

BROAD LISTING OF DATA

- Projected financial performance data for the subsequent five financial years for years ending at 31st March, 2025, 31st March, 2026, 31st March, 2027, 31st March, 2028 and 31st March, 2029.
- Shareholding pattern of the Company as at 15th Aug, 2024;
- History and profile of the Company and promoters and details of the products offered by it;
- Discussions with the Management of the Company in respect of assumptions and parameters considered and business for the Company for selecting comparable;
- Oral explanations provided by the Management of the Company.

APPENDIX II
(Vide Para 7.5)

Summarized workings for valuation under Net Assets Value (NAV) method

Total Assets of Company	2,47,03,481.00
Total Liabilities of Company	2,25,51,275.00
Net worth of Company	**20,52,206.00**
Total Number of Equity Shares	11,41,288.00
Fair Value (Per Equity Share)	**1.89**

APPENDIX III

(Vide Para 7.6)

Summarized workings for valuation under Comparable Company Method (CCM) method

			NAV Price of Share	No of outstanding shares in CR	Market Cap in CR	Total Debt (CR)	EV	EBITDA	EARNINGS	EPS	P/E RATIO	EV/EBITDA
Sl no	Nature of Company	Company Name	Mar-24	Mar-24	Mar-24	Mar-24	Mar-24	Mar-24	Mar-24	Mar-24	Mar-24	Mar-24
1	Entertainment	Sungold Capital Ltd.	2.98	1.84	5.48	0.00	5.48	0.04	0.03	0.02	182.77	137.08
2	Entertainment	Unistar Multimedia Ltd	7.30	2.50	18.25	0.17	18.42	0.54	0.35	0.14	52.14	34.11
3	Entertainment	Sharpline Broadcast Ltd	6.62	1.68	11.11	0.00	11.11	2.09	1.54	0.92	7.21	5.32
		Average of Comparables								**0.36**	**80.71**	**58.84**
Targeted		**PERFECT-OCTAVE PRIVATE LIMITED**	**1.89**	**0.11**	**0.22**	**1.46**	**1.67**	**0.01**	**0.01**	**0.09**	**20.69**	**125.94**

Sl No	Particulars	EV/EBITDA	P/E
		Mar-24	**Mar-24**
(a)	Target Company	0.01	0.09
(b)	Average Multiple	58.84	80.71
(c)	**Implied share price [(a)x(b)]**	**0.78**	**7.37**
(d)	**Less:** Debt	1.46	-
(e)	**Add:** Cash & Equivalent	1.28	-
(f)	**Implied Share Capital [(c)-(d)+(e)]**	**0.60**	**7.37**
(g)	No. of Shares in Crore	0.11	-
(h)	**Share Price [(f)/(g)]**	**5.29**	**7.37**
(i)	Weightage	50.00%	50.00%
(j)	**Weighted average share price**	**6.33**	
(k)	Discount for Lack of Marketability	10%	

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(I)	Derived share price (per share)	5.70

APPENDIX IV
(Vide Para 7.7)

Summarized workings for valuation under Discounted Cash Flow (DCF) method

M/S. Perfect-Octave Limited DCF

Amount in ₹

Particulars		2024-25	2024-25	2025-26	2026-27	2027-28	2028-29
		15-08-2024	31-03-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2029
		Projections	Projections	Projections	Projections	Projections	Projections
PAT		30,47,071.19	48,89,397.00	54,85,935.62	61,28,144.26	68,19,019.36	75,61,739.28
Add: Depreciation and Amortisation		4,59,356.99	10,10,585.00	10,56,061.33	11,03,584.08	11,53,245.37	12,05,141.41
Gross Cash Flow		**35,06,428.18**	**58,99,982.00**	**65,41,996.94**	**72,31,728.34**	**79,72,264.73**	**87,66,880.69**
Capital Expenditure							
Changes in W.C.		30,75,599.00	2,15,44,208.20	1,50,88,287.06	2,03,18,301.53	2,77,28,182.02	3,82,96,818.39
Net Free Cash Flow		**65,82,027.18**	**2,74,44,190.20**	**2,16,30,284.00**	**2,75,50,029.87**	**3,57,00,446.75**	**4,70,63,699.08**
Year for Discounting Factor		-	1.00	2.00	3.00	4.00	5.00
Discounting Factor		1.00	0.52	0.70	0.59	0.50	0.42
Net Present Value		**65,82,027.18**	**1,44,01,463.65**	**1,52,48,060.66**	**1,63,06,120.91**	**1,77,41,013.64**	**1,96,36,633.40**
Present Value for Explicit Period	**8,99,15,319.44**						

***Note:** - *7.5 months discounting figure is taken for remaining period of FY 2024-25*

Calculation of Value of Business	
Particulars	**Amount in ₹**
Present Value of Explicate period	8,99,15,319.44
Terminal Period Value	13,02,53,932.09
Less: Long Term Borrowing	82,14,100.00
Less: Short Term Debt	11,07,888.00
Cash & Bank Balance	1,28,44,553.00
Contingent liabilities	-
Business Value (Equity Value) Pre Money	**22,36,91,816.53**
Discount for Lack of Marketability (25%)	5,59,22,954.13
Discount for Lack of Control (25%)	5,59,22,954.13
Derived Share Value	**11,18,45,908.27**
No. of Equity Shares *(Actual)*	11,41,288.00
Value Per Equity Shares	**98.00**

Cost of Equity Financing	
Particulars	**Rate**
Risk free rate of return	6.86%
Beta	1
Market Return	15.83%
Liquidity Premium	3.00%
Cost of Equity	**19.10%**

Calculation of Terminal Value	
Particulars	**Amount in ₹**
Cash Flow for 2029	1,96,36,633.40
Cost of Equity	19.10%
Growth Rate	3.50%
Present Value of Terminal Value	**13,02,53,932.09**

Market Rate of Return Ascertainment		
BSE Sensex Values		
Particulars	**Date**	**Value**
Base value of the Sensex	01-Apr-79	100.00
Sensex Value as on 15-Aug -23	15-Aug-24	79,105.88
Number of years		45.41
Sensex multiple - Current over the Base year		791.06
Average Market Return		**15.83%**

Assumptions and Sources Used:

1. India 10year Bond yield rate as on Aug 15, 2024 is considered as Risk Free rate.
2. Market rate of return is computed based on historical return on BSE Sensex as on Aug 2, 2024. Source: https://www.bseindia.com/indices/IndexArchiveData.html
3. The Beta for this category is not found, hence taken as 1
4. Liquidity Premium is taken on Judgemental Basis, Considering the size of the Company and the industry in which it operates, for the purpose of computing "*Cost of Equity*".
5. Company Growth Rate is taken as 3.50% p.a. after discussion with management.

Discounting Rate

Discounting Rate (R)	=	Risk free Rate (R_f)	+	{Beta (β) X	Equity Risk Premium (ERP)}	+	Company Specific Risk Premium
		Tax adjusted current Yield on on long term Government Securities Source: RBI					Additional risk premium for investing in the Company derived subjectively

R_f is the theoretical rate of return of an investment with zero risk.
β is a measure of the volatility or systematic risk of a security or portfolio compared to the market as a whole.
ERP is the excess return that investing in the stock market provides over a risk-free rate.