

**FEDEX  
SECURITIES  
PVT LTD**

(Formerly Known as Fedex Securities Limited)  
MERCHANT BANKING DIVISION



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**STRICTLY PRIVATE & CONFIDENTIAL**

**SEBI REG NO: INM000010163**

**February 02, 2023**

**M/s Gaudium Bawa IVF**

Dandi Swami Mandir Road,  
Civil Lines, Ludhiana, Punjab – 141 001

**Dear Sirs,**

**Re: Valuation of M/s Gaudium Bawa IVF**

We refer to our engagement letter and the subsequent discussions we had with you, whereby M/s Gaudium Bawa IVF ('Gaudium') has requested Fedex Securities Private Limited ('Fedex' or 'us') in connection with the valuation ("Valuation") of Gaudium as at February 1, 2023 ("Valuation Date") in accordance with Section 50B of Income-tax Act, 1961 read with rule 11UAE of the Income-tax Rules, 1962.

**1. SCOPE AND PURPOSE OF THIS REPORT**

- 1.1 M/s Gaudium Bawa IVF ("Gaudium"), is a partnership firm bearing PAN AAQFG1207R and office is situated in Dandi Swami Mandir Road, Civil Lines, Ludhiana, Punjab – 141 001.
- 1.2 The Management of Gaudium has informed us that it is evaluating a proposal for transfer of its business on a slump sale basis. In this context, Gaudium has requested Fedex Securities Private Limited ('Fedex') to assist in the determination of the fair market value of Gaudium as per the method prescribed in the Rule 11UAE of the Income-tax Rules, 1962 to comply with the requirement of Section 50B of the Income-tax Act, 1961. ("Purpose")
- 1.3 The Valuation is solely for regulatory/non- financial reporting purpose. Our scope of work is limited to the determination of Fair Market Value of Gaudium.

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## 2. BACKGROUND

### 2.1. About Gaudium

M/s **Gaudium Bawa IVF** ('Gaudium') is a partnership firm bearing PAN AAQFG1207R with its office situated in Dandi Swami Mandir Road, Civil Lines, Ludhiana, Punjab – 141 001.

Gaudium is carrying on the business of promoting and providing IVF treatment and techniques and women health care or such other business as decided between the partners.

## 3. PROCEDURES

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including but not necessarily limited to the following:

- Considered Management Certified Financial Statements of Gaudium for the period ended February 1, 2023;
- Discussions and correspondence with the Management, to obtain requisite explanations and clarifications on the data provided;
- Such other analyses, reviews and inquiries, as we consider necessary.

## 4. SOURCES OF INFORMATION

The principal sources of information used in carrying out the Valuation included:

- Management Certified Financial Statements of Gaudium for the period ended February 1, 2023;
- Business Transfer Agreement dated February 2, 2023;
- Management representation letter;
- Such other information and explanations as required and which have been provided by the management of the Companies; and
- Such other analyses, reviews and inquiries as we considered necessary.

## 5. EXCLUSIONS AND LIMITATIONS

5.1. The premise of value applied in this engagement is the value determined in accordance with Rule 11 UAE and other applicable rules of Income Tax Rules, 1962. While, a Fair value is the price, expressed in terms of money or money's worth, available in an open and unrestricted market at which property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both having reasonable knowledge of all the relevant facts and can be different from that arrived herein.

5.2. Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value. While we normally express our assessment as falling within a likely range as per requirements of this Engagement, we are providing a single value. Further, while we have provided our assessment of value based on the information available to us and within the scope and constraints of our engagement, others may place a different value to the same.

*Yashok*



- 5.3. Valuation and outcome are inter alia based on valuation parameters prevailing as at the Valuation Date and information provided by the Management. Fedex undertakes no duty to update the valuation for events or transactions relating to Gaudium or changes in the market and economy trends, and valuation parameters occurring subsequent to the Valuation Date.
- 5.4. For the purpose of this engagement and report, we have made no investigation of, and assume no responsibility for the title to, or liabilities against Gaudium. Our conclusion of value assumes that the title to the assets and liabilities of Gaudium reflected in the statement of assets and liabilities is intact, as at the Valuation Date.
- 5.5. Actual transaction value, if any, may be higher or lower than our assessment of the value depending upon the circumstances of the transaction. The knowledge, negotiating ability and motivations of the buyers and sellers and the applicability of illiquidity discount or premium for control will also affect the price achieved. Accordingly, our assessment of the value will not be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree.
- 5.6. We are not required to and have not carried out an audit of nor independently verified the accuracy, reasonableness and completeness of the information provided by the Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the accuracy, reasonableness or completeness of these data.
- 5.7. For the purposes of this engagement, our services described hereinabove are solely for the said purpose and not to act an agent or broker to Gaudium. All business decisions relating to the proposed transaction and negotiations of the terms are solely the responsibility of Gaudium and its management. We shall not be called upon to prove or defend the Valuation in any forum within the scope of the present engagement.
- 5.8. This Valuation is solely for regulatory purposes specified in paragraph 1 above.
- 5.9. Our Services are not designed to, and are not likely to reveal fraud or misrepresentation by the Management or any external parties. Accordingly, we cannot accept responsibility for detecting fraud (whether by the Management or by external parties) or misrepresentation by the Management or any other person. While performing this assignment, we have assumed the genuineness of all signatures and the authenticity of all documents and/ or copies of documents shown to us. We have also relied upon the veracity of the representations made, and the information provided to us by the Management.
- 5.10. This report forms an integral whole and cannot be split in parts. The outcome of the Valuation can only lead to proper conclusions if the report as a whole is taken into account.

## 6. RELIANCE ON THE MANAGEMENT

In the course of our Valuation, we have relied upon financial and other information, provided by or behalf of the Management. Our conclusions are dependent on such information being accurate and complete in all material respects. Although we have analysed this information, the scope of our work will not enable us to accept responsibility for the accuracy and completeness of this information. We have

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not conducted an independent audit, due diligence/ review or validation of such financial and other information. Accordingly, we do not express an opinion or any other form of assurance thereon and we accept no responsibility or liability for any losses occasioned to Gaudium, its shareholders, their directors or shareholders, prospective investors or to any other parties as a result of our reliance on such information.

## **7. VALUATION APPROACH**

7.1. Valuation is carried out on a 'going concern' basis excluding illiquidity discount. Our Valuation is based on Valuation parameters as at the Valuation Date. There are several commonly used and accepted approaches for Valuation, including:

- Income Approach - Discounted Cash Flow method
- Market Approach
- Asset Approach - Net Asset Value method

Since, the value of the Firm is arrived based on Rule 11UAE of the Income-tax Rules, 1962, hence Income Approach and Market Approach is not considered in arriving the value.

7.2. Asset Approach indicates the value by considering the asset and liability balances at the Valuation Date. For the purpose of Section 50B (2) (ii) of the Income-tax Act, 1961, fair market value of the Gaudium as on the date of transfer, calculated in the prescribed manner, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the whole firm.

Rule 11UAE of the Income Tax Rules, 1962 provides that the 'Fair Market Value' of the capital assets shall be the FMV 1 determined under sub-rule (2) or FMV 2 determined under sub-rule (3), whichever is higher.

Rule 11UAE (2) provides that FMV 1 shall be the fair market value of the capital assets transferred by way of slump sale shall be A+B+C+D-L approach is used to comply with the requirement of Income-tax Act, 1961 and is computed in accordance with Rule 11UAE read with Rule 11U of the Income-tax Rules, 1962.

As per Rule 11UAE (2) provides that FMV1 of the Capital Assets shall be the FMV1 determined under sub-rule (2) or FMV2 determined under sub-rule (3), whichever is higher.

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**FMV1:**

The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale =  
(A+B+C+D - L),

where,

A= book value of all the assets (other than Jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the Undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such Undertaking or the division, —

- (i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and
- (ii) any amount shown as asset including the unamortized amount of deferred expenditure which does not represent the value of any asset;

B = the price which the Jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property; \*

L= book value of liabilities as appearing in the books of accounts of the Undertaking or the division transferred by way of slump sale, but not including the following amounts which relates to such Undertaking or division, namely: —

- (i) the paid-up capital in respect of equity shares;
- (ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;
- (iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;
- (iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;
- (v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;
- (vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares;

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## **FMV 2:**

*FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the formula-*

*E+F+G+H, where,*

*E = value of the monetary consideration received or accruing as a result of the transfer;*

*F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;*

*G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;*

*H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property.*

## **8. CONCLUSION**

The fair market value of Gaudium as at February 1, 2023 is arrived at considering the Asset Approach in accordance with the provisions of Section 50B of the Income-tax Act, 1961 read with Rule 11U and Rule 11UAE and other applicable Rules of the Income Tax Rules, 1962.

The fair market value of undertaking as determined as per Rule 11UAE (2) being FMV1 works out to INR 1,917,320 and as per Rule 11UAE (3) being FMV2 works out to INR 6,000,000.

As the FMV2 is higher than FMV1, for the purpose of Section 50B(2)(ii) of the Income-tax Act, 1961 read with rule 11UAE, FMV2 i.e., INR 6,000,000 to be considered as the Fair Market Value of the Capital Asset being transferred.

## **9. DISTRIBUTION OF OUR REPORT**

9.1. Our Report is solely for the purpose outlined in paragraph 1 above and to the extent mandatorily required under applicable laws of India, may be produced before the Indian Income-tax authorities in connection with the purpose outlined in paragraph 1 above.

9.2. We would not be called upon to defend our analysis in any forum. Our Report is not to be used, referred to or distributed for any other purpose without our written permission. In case you propose to make available our Report to any other third party, it shall require our written consent. Consequently, you should not make our Report available or otherwise disclose our Report or that we are undertaking this assignment for you to any third party unless we have specifically agreed with you and that party, in writing, the basis on which our Report may be made available and which we may give or withhold at our absolute discretion. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any other party to which the Report is disclosed or otherwise made available or is used for any purpose other than that indicated in paragraph 1 above.

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9.3. This Report is not to be referred to or quoted, in whole or in part, in any offering memorandum, prospectus, registration statement, loan or other agreement or document without our express written approval, which may require that we perform additional work. Fedex accepts no duty, obligation, liability or responsibility to any party, other than to the Management with respect to the services and/or this report.

9.4. In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of Gaudium, their directors, employees or agents. In no circumstances shall the liability of Fedex, its partners, directors or employees, relating to services provided in connection with the engagement set out in this letter (or variation or addition thereto) exceed the amount paid to us in respect of the fees charged for those services.

Thanking you,

Yours faithfully,

For **Fedex Securities Private Limited**

*(Formerly known as Fedex Securities Limited)*



Authorised Signatory

Place: Mumbai

**Valuation Working:**

**As per Rule 11UA of the Income-tax Rules, 1962, prescribe the following methodology to determine the FMV::**

Particulars	Amount (In INR)	Amount (In INR)
<b>Fair Market Value 1</b>		
<b>A. Book Value of Assets of the Undertaking</b>	<b>4,637,706</b>	
(Other than Jewellery, Artistic Work, Shares and Securities and Immovable Property)		
Less: Income tax paid net of refund claimed	-	
Deferred Expense/Amount not representing assets	-	-
		4,637,706
<b>B. Fair Value of Jewellery and Artistic Work (As determined by Registered Valuer)</b>	-	
<b>C. Fair Value of Investments in Shares &amp; Securities as per Rule 11 UA</b>	-	
<b>D. Fair Value of Immovable Assets (as per Stamp Duty Rate)</b>	-	-
<b>Total Assets</b>		<b>4,637,706</b>
<b>L. Book value of liabilities as appearing in books of account of undertaking transferred by way of slump sale</b>		<b>4,637,706</b>
Less:		
i. Paid-up equity capital	2,493,008	
ii. amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company	-	
iii. Reserves & Surplus (including negative), by whatever name called, other than depreciation reserve	227,378	
iv. Provision for taxation, other than amount paid as advance tax under the Income-tax Act, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto	-	
v. Any amount representing provisions made for meeting liabilities, other than ascertained liabilities	-	
vi. Any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares	-	2,720,386
<b>Total Liabilities</b>		<b>1,917,320</b>
<b>FMV 1 As per Rule 11UA = (A+B+C+D-L)</b>		<b>2,720,386</b>
<b>Fair Market Value 2</b>		
<b>E. Value of Monetary Consideration Received or accruing as a result of the Transfer</b>		6,000,000
<b>F. Fair Market Value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;</b>		-
<b>G. the Price non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;</b>		-
<b>H. the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property</b>		-
<b>FMV 2 As per Rule 11UA = (E+F+G+H)</b>		<b>6,000,000</b>
<b>Higher of FMV 1 and FMV 2, be considered for the purpose of Section 50B(2)(ii)</b>		<b>6,000,000</b>