

# ISTREET NETWORK LIMITED

## Valuation Report

BY IBBI REGISTERED  
VALUER SANJAY H. SHAH  
JANUARY 2022







**STRICTLY PRIVATE AND CONFIDENTIAL**

**30<sup>th</sup> January, 2022**

To,

**ISTREET NETWORK LIMITED**  
Unit no. 107, Sonal Industrial Estate,  
Linking road, Kanchpada, Malad (West),  
Mumbai- 400064, Maharashtra

**SUB: VALUATION REPORT FOR FAIR VALUE OF EQUITY SHARES/WARRANTS TO BE ISSUED ON  
PREFERENTIAL ALLOTMENT BASIS**

With reference to the appoint letter dt. 28<sup>th</sup> JANUARY 2022 and my/ours subsequent discussion with the **Board of Directors/Management representatives (hereinafter referred as "Company" or "Management", "ISNL")** for the purpose to arrive at a fair value of the Equity Shares/Warrants of the Company for the purpose of Equity shares to be issued on Preferential allotment basis. As per provision of section 62(1)(c) under Companies act 2013 and pursuant to Regulation 165, 166 and 166A under SEBI ( Issue of Capital and Disclosure Requirements) Regulations, 2022 , I/We, Sanjay H. Shah, IBBI Registered Valuer, has undertaken the task of providing fair value and we submit our valuation report.

### **1. BACKGROUND OF THE COMPANY**

**Board of Directors and Key Managerial Personnel Consists of the Following:**

- Suresh Jain , Independent Director
- Pradeep Malu ( Non-Executive Founder Director),
- Meenu Malu ( Managing Director),
- Ravindra Kala ( Independant Director),
- Sanjeev Chhajed ( Independant Director),
- Surabhi Pal ( Company Sec).

**Istreet Network Ltd** is a Public limited incorporated and domiciled in India, under the Indian Companies Act, 1956. It is having Company Identification Number as L51900MH1986PLC040232. Its Equity shares are listed on BSE Limited with Stock Exchange Code 52462 and International Securities Identification Number (ISIN) INE532B01020.

Its registered office is situated at **Unit no. 107, Sonal Industrial Estate, Linking road, Kanchpada, Malad (West), Mumbai- 400064, Maharashtra.**





## 2. Information on the Company

- 2.1 The company has been an Internet & Retail Catalogue company and was selling products and services through its Internet Retail Stores known as 'iStreet Bazaar'. iStreet Bazaar – the Internet Retail Store was a physical store in a neighborhood area which runs on virtual inventory. Common people who have constraints in buying products online, can do so at these stores. The network of Internet Retail Stores is one of the major assets for the company to run its business. These network retailers gave eCommerce shopping experience to customers based on trust and relationship. This model is unique and innovative. However, the company suspended its project due to resource constraints. It is exploring several technologies to rejuvenate its business either in the same space or in related spaces.
- 2.2 The company is working on different models of business driven by technology including related to Retail, B2B market place etc. The possible segments are retail B2B market place, aggregation, assisted online buying, change in products, adding services like Banking and Financial Services and Insurance (BFSI) etc. The company has also reduced its operating expenses in order to minimize the losses of the company during this period and has been able to do it successfully.
- 2.3 Changing technology is changing the business landscape rapidly. Since the company is in the process of indentifying new business model, the risks attached to it are evaluated on case to case basis. But in any case, once the business is identified, the company shall be to manage to identify and manage its risk. In the present scenario, the operational expenses are tightly controlled and major resources are deployed at a very low or no cost basis till the company reaches to a stage of revenue
- 2.4 Founders have been delivering eCommerce since the days when selling in India never meant selling "online". They had conceptualized and executed large number of eCommerce projects, be it managing the online brand stores or handling cross- border transactions, even managing large B2C Auctions.
- 2.5 However, it was realized that how much ever they advance technologically, the benefit arising out of these is reaped only for certain urban educated section. All others, continue to live their life more or less the same way they used to 10 years. The question arose as to how you connect these 1.2 billion people to evolving technology?
- 2.6 Assisted eCommerce was the answer and out of it emerged "iStreet Bazaar" – India First Internal Retail Store. **Company's business is to 'simplify eCommerce for common people of India'.**
- 2.7 It got recognition from all over like 'Start up Project of the year 2014' by Silicon India, '10 Fastest Growing Company 2016' by Silicon Review, 'Top 30 Fastest Growing Companies 2016 to Watch' by Silicon Review, '10 Fastest



Growing Retail Company' by Insight Success. The project was selected for the Summit in Dublin in 2014 as Alpha Project.

- 2.8 India is more conservative in their consumer behaviour with online retail. There are several grassroots problems such as – large Indian population is not tech-savvy hence avoids taking risks when it comes to shopping online. We understand that around from different reports published in Media from time to time, 90% percent of rural customers do not know how to enter their addresses in English, leave alone shop online. Only 2-3% of the population shop online while the rest still shop from their neighbourhood Mom & Pop stores because of the relationship and level of trust they enjoy with them. Further, small towns and villages don't have proper addresses, it is difficult to trace addresses poses a hindrance in the delivery system, especially in semi-urban and rural areas.
- 2.9 "iStreet Bazaar", India 1st Internet Retail Store Chain, has beautifully conquered these hindrances and harnessed the power of hybrid model of online-offline retail through their thousands of e-empowered Mom-Pop – iStreet Bazaar Stores and were accessible to over 15 million common people to the new world of online shopping.

### 3. MANAGEMENTS RESPONSIBILITY

The Management of the Company is responsible for ensuring compliance with the requirements set out in the captioned regulations / notifications and also for providing all relevant stock exchange / regulators.

### 4. SOURCES OF INFORMATION AND OUR RESPONSIBILITY

Pursuant to our requirements we have obtained from the Management, all required information and details such,

- a. MOA / AOA
- b. Audited Financials including Notes to Accounts for the Historic period.
- c. The unaudited financials for the period ending September 30, 2021.
- d. Interviews and discussion with the management to augment our knowledge of operations of the company
- e. Other Information, explanation and representations that were required and provided by the management.
- f. For our analysis , we have relied on published and secondary sources data whether or not made available by the Company. We relied on BSE actual traded information and Money Control for other Comparable as published by them.
- g. Such other reviews, enquiries and information available in public domain.

### 5. EXCLUSIONS AND LIMITATIONS

- 5.1 Our report is subject to scope limitations detailed hereinafter. As such the reports is to be read in totality, and not in parts, in conjunction with the relevant





documents referred to herein and in the context of the purpose for which it is made.

- 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 myself, Sanjay H. Shah as a Registered Valuer, has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement , others place a different value to the same.
- 5.3 A Valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular.
- 5.4 In the course of the valuation, we were provided with both written and verbal information. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Management.
- 5.5 Our work does not constitute an audit or certification of the historical financial statements/prospective results of the Companies along with information sourced from public domain, referred to in this report. We have, therefore, not performed any due diligence procedure on the historical data and information sourced from public domain. Further, we do not accept responsibility for the accuracy and completeness of the information sourced from public domain and accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise.
- 5.6 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 misstated or incorrect or would not afford reasonable grounds upon which to base our report.
- 5.7 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.
- 5.8 The decision to carry out the transaction ( including consideration thereof ) lies entirely with the parties concerned. Any person intending to provide finance/invest in the shares/business of the Companies, 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. Our work and our finding shall not constitute a recommendation as to whether or not the



parties concerned should carry out the transaction.

- 5.9 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. We are not liable to any third party in relation to the issue of this report.
- 5.10 The Fee for the engagement and this report is not contingent upon the results reported.
- 5.11 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 respect thereof.
- 5.12 Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of our engagement.
- 5.13 Registered Valuer Sanjay H. Shah nor its employees make any representation or warranty, express or implied, as to the accuracy, prudence or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.
- 5.14 This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with relevant documents referred therein. We have not audited, reviewed or complied the information provided by the Management and express no assurance on it. Accordingly, we do not take any responsibility for the underlying data presented in this report.
- 5.15 Our analysis and report are in conformity with "ICAI Valuation Standards" (IVS) issued by Institute of Chartered Accountants of India. In addition to the general standards / guidelines of the IVS, our report specifically complies with ICAI Valuation Standard 102 – Valuation Bases, ICAI Valuation Standard 103- Valuation Approaches & Methods, ICAI Valuation Standard 201 – Scope of Work, Analyses and Evaluation, ICAI Valuation Standard 202 – Reporting & Documentations and ICAI Valuation Standard 301 – Business Valuation.

#### EXTENT OF INVESTIGATION UNDERTAKEN

We have taken due care in performing valuation procedures and have also applied appropriate discount rates considering the riskiness of the business plan. However we would like to expressly state that though we have reviewed the financial





data for the limited purpose of valuation assessment but we have not performed an Audit and have relied upon the historical as well as future financials ( P & L , Balance Sheets, Cash Flows, Revenue Build up , Operating costs) as prepared and submitted to us by the Management of the Company. It is possible that the projections may not materialise but the management has represented to us that it has taken due care in preparation of such forecasts of financial statements and the same may be considered as true and fair view of the expected business plan of the Company. Our Valuation has been done on this basis.

## 6. SEBI REGULATIONS – PREFERENTIAL ISSUE GUIDELINES

As per the provision of the SEBI ( ICDR ) Regulations 2018, there is a Regulation 164 which deal with Frequently traded Shares and Regulations 165 that deals with the Infrequently traded Shares.

As per the pricing Guidelines Exemptions may be provided to eligible listed entities from stricteforcement of pricing related regulations under Chapter V (Preferential Issue) of the ICDR Regulations. The pricing in such cases may be determined as follows:

### **Pricing in case of frequently traded shares:**

not less than the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date

**Regulation 165 of ICDR Regulations shall continue to apply in case of infrequently traded shares:** (Explanation: The pricing in case of infrequently traded shares as per regulation 165 of the ICDR Regulation is determined by the issuer taking into account valuation parameters such as book value, comparable trading multiples, and other such customary parameters for valuation, and such valuation is required to be certified by independent valuer)

As per our observations of the trading data of the Company, it is observed that shares of the Company are Infrequently traded and hence the following Regulation provision applies:

Regulation 165: Where Shares of the Company are not frequently traded, price determined by the issuer shall take into account Valuation parameters including Book Value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an IBBI Registered Valuer to be submitted to the stock exchange where such share are listed.



## CONCLUSIONS:

Based on such checks as considered appropriate by us and according to the information and explanations given to us, we do hereby certify that,

1. The Shares of the Company are **"Infrequently Traded Shares"** considering the trading turnover on stock exchange during the "240 trading days" preceding 28-01-2022 is less than 10 percent of the total number of shares as computed below

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
Jan-21	2.1	2.66	2.1	2.18	12,364
Feb-21	2.18	2.35	2.07	2.1	11,101
Mar-21	2	2.08	1.25	1.25	77,340
Apr-21	1.25	1.32	1.01	1.29	97,251
May-21	1.29	2.65	1.29	2.65	1,64,043
Jun-21	2.7	2.94	2.45	2.45	39,229
Jul-21	2.41	2.75	1.71	2.33	1,43,261
Aug-21	2.42	2.55	2.03	2.11	70,801
Sep-21	2.11	2.15	1.56	1.75	1,26,266
Oct-21	1.8	2.69	1.67	2.53	1,25,232
Nov-21	2.5	2.9	1.97	2.9	70,979
Dec-21	2.76	2.76	2.01	2.09	32,893
Jan-22	2.19	3.46	1.99	3.14	4,44,358
<b>Total</b>					<b>14,15,118</b>
Issued and Subscribed Equity on the Date of Valuation (INR)					<b>2,13,00,000</b>
Nos of Shares Traded required minimum					<b>21,30,000</b>
Total Traded					<b>14,15,118</b>
Actual Traded is less than Minimum Threshold thus it is					
Considered as Infrequently Traded as per SEBI ICDR					
Regulation 165					





Since the Shares are infrequently traded we follow Regulation 165 provision

EQUITY VALUATION ANALYSIS OF ISTREET NETWORK LIMITED			
	VALUE PER SHARE (INR)	WEIGHTAGE	ADJUSTED VALUE PER SHARE (INR)
OPERATING VALUE			
Net Asset Value Method	-1.013	50%	-.5065
Discounted Cash Flow Method **	0	0	
Price Earning Multiple Method	.0042	50%	.0021
NON-OPERATING ADJUSTMENT			
ADD: CASH AND BANK BALANCE ( insignificant hence ignored)			
ADD: NON OPERATING SURPLUS ASSETS			
Value Per Share			-.5044

Above working is to be read with Annexure to this report.

\*\* Since the Company's business is non-operational, i.e currently there is no sales and management has no projections, the Discounted Cash Flow Method is not applied for the purpose of comparison.

#### RESTRICTION OF USE

This Valuation report is issued for the sole use of the Board of Directors of Company, to whom it is addressed for purpose of issue of Equity Shares on Preferential basis and onward submission to regulators. It should not be used by any other person or for any other purpose. We/I neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing. This report is specific to the date mentioned in it. We, however, have no obligation to update this report for events, trends or transactions relating to the Company in general and occurring subsequent to the date of this report.

Yours Faithfully,

Sanjay H. Shah

IBBI Registered Valuer ( Securities or Financial Assets)



Registered Valuer No:IBBI/RV/06/2019/11644

Date : 30<sup>TH</sup> January 2022

Place : Mumbai

UDIN: 22041370AAAAAG8662

Encl: Annexure I,II,

Following Annexures to be read in totality in conjunction to Valuation Report issued to ISTREET NETWORK LIMITED

Dt. 30<sup>TH</sup> JANUARY 2022

Annexure I

ISTREET NETWORK LIMITED

NAV WORKING ( AS PER FINANCIALS OF SEPTEMBER 2021 UNAUDITED FINANCIALS) INR IN LAKHS		
NON CURRENT ASSETS	2.29	
CURRENT ASSETS	4.62	
TOTAL ASSETS	6.91	
Less : Non Current Liabilities	180	
Current Liabilities	42.68	
Total Liabilities	222.68	
Net Asset Before Adjustment	( 215.77)	
Less: Contingent Liabilities	0.00	
Net Asset Value	(215.77)	
Nos of Shares outstanding	2,13,00,000	
NAV per Share (INR)		(1.013)

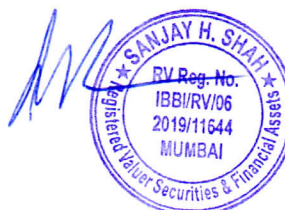
NAV is negative. 1.013

**Key Assumptions:**

- Since the shares are infrequently traded category and volume is less than 10%, we have to apply a Discount for Lack of Marketability. But the NAV itself if negative, no further reduction is envisaged. For the purpose of fresh issue Sec 53 of the Companies Act 2013 shall be applied. Further, we are not aware of the total quantum of shares to be issued, we have not commented on the **Control Premium or Lack of Control Discount**.
- Contingent liability is not know and neither it is disclosed in annual Financial Reporting, it is ignored.

UDIN: 22041370AAAAAG8662

DATE: 30<sup>TH</sup> January 2022





**Annexure II**

**Price Earning Ratio ( Working )**

**ISTREET NETWORK Limited. (Category – E COMMERCE)**

Year	Mar-19	Mar-20	Mar-21	Company Average (INR)	Latest EPS (INR)
Price to Net Operating Revenue	1.25	0	0	0.42	0.01
Price to Book Value ( P/BV)	-1.24	-2.1	-1.27	-1.54	
Price/Cash EPS (P/CEPS)	-7.125	-100	-24.2	-34.13	
EV/EBIDTA	-14.28	-457.24	-37.25	-170	
Market Cap/Sales	1.25	0	0	0.42	

<b>Valuation (INR)</b>	
Company Average ( A )	0.42
Latest EPS ( B )	0.01
Value ( A * B )	0.0042
<b>Net Adjusted Value</b>	<b>0.0042</b>

UDIN: **22041370AAAAAG8662**

DATE: **30<sup>TH</sup> January 2022**

