

**Valuation Analysis for
Preferential allotment of Equity Shares of
Shri Gang Industries and Allied Products Limited
as per SEBI (ICDR) Regulations**

30th May, 2022

Strictly Private & Confidential



To,
Board of Directors
Shri Gang Industries and Allied Products Limited
F-32/3, Second Floor Okhla Industrial Area,
Phase-II, New Delhi, 110020

Ref. No.: CPV/RV/2022-23/006

Sub-Valuation Analysis of Equity Shares of Shri Gang Industries and Allied Products Limited as per SEBI (ICDR) Regulations

Dear Sir,

We have been appointed as valuers by **Shri Gang Industries and Allied Products Limited** ("Company/Client") to assist in determination of the fair value of equity shares of the Company for the following purpose: -

This valuation is in compliance with applicable provisions of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 and SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018.

Applicable provision under SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018:
Pricing of a preferential issue of infrequently traded shares is governed by Regulation 165 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 which states that-

The issuer shall take into consideration the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies. Further provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.

The underlying transaction is the preferential issue of equity shares of Company to certain residents. The Company is infrequently traded company listed on BSE Ltd.

Based on our valuation analysis of equity shares of **Shri Gang Industries and Allied Products Limited** and subject to the notes and comments provided herein, we as Insolvency and Bankruptcy Board of India ("IBBI") Registered Valuer ("herein-after-referred as "Valuer"), hereby certify the equity value and value per equity share of the company at **INR 40.82 Million & INR 5.15 as on 27th May, 2022 respectively.**

This certificate is being issued for compliance with aforesaid regulatory purpose only and the value determined herein would be the minimum price for this purpose.

Thanking you

Date: 30th May, 2022
Place: New Delhi

For Corporate Professionals Valuation Services Private Limited
Registered Valuer (IBBI)
Registration No. IBBI/RV-E/02/2019/106

Sanchit Vijay
Director



Enclosures:

Annexure I: Scope of Work

Annexure II: Valuation Approaches and Workings

Annexure III: Management certified consolidated Balance Sheet as on March 31st, 2022 and Management certified consolidated Profit and Loss statement for the 12 months period ended March 31st, 2022.

Annexure IV: Caveats



Annexure I: Scope of Work

a. PURPOSE OF VALUATION AND APPOINTING AUTHORIT

Based on the discussions held with the Management and Key Managerial Personnel (KMP's), we understand that the Company has proposed to issue certain equity shares on preferential basis. **The Equity shares of the Company are infrequently traded company listed on BSE Ltd.** The Registered Valuer has been appointed as per the appointment letter dated 24th May, 2022. We are issuing this certificate for the purpose of compliance with the Chapter V of SEBI (ICDR) Regulations.

b. IDENTITY OF CLIENT AND OTHER INTENDED USERS

Shri Gang Industries and Allied Products Limited

F-32/3, Second Floor Okhla Industrial Area,
Phase-II, New Delhi, 110020

c. IDENTITY OF VALUER AND OTHER EXPERTS

Corporate Professionals Valuation Services Private Limited

Registered Valuer (IBBI)

Registration No. IBBI/RV-E/02/2019/106

d. BACKGROUND INFORMATION OF THE ASSET BEING VALUED

Shri Gang Industries and Allied Products Ltd. is engaged in the business of manufacture of-

- a) vanaspati and refined oils
- b) Indian Made Foreign Liquor, and
- c) Setting up Distillery for manufacture of potable liquor

- **Date of Appointment-** 24th May, 2022
- **Valuation Date-** 27th May, 2022
- **Date of Report-** 30th May, 2022
- **Base of value-** Fair value
- **Valuation Currency-** INR

e. PROCEDURES ADOPTED AND VALUATION STANDARDS FOLLOWED

We have performed this valuation in accordance with the internationally accepted valuation standards and customary valuation practices in India for such purposes.

f. NATURE AND SOURCES OF INFORMATION USED OR RELIED UPON

We have reviewed the following documents including but not limited to:

- Discussions with the KMP's.
- Management certified consolidated Profit and Loss statement for 12 months period ended March 31st, 2022.
- Management certified consolidated Balance Sheet as on March 31st, 2022.
- Capitaline Database and other information in public domain.
- Management Representation



g. EXTENT OF INVESTIGATION UNDERTAKEN

We have taken due care in performing valuation procedures based on our understanding of the financials and business of the Company. 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 financials (Profits & Loss Accounts and Balance Sheets), as prepared and submitted to us by the management of the Company. The management has represented to us that it has been taken due care in preparation of such financial statements.

We would like to clarify that this valuation has been performed on a valuation date with unprecedented levels of uncertainty due to COVID-19 pandemic. It must be noted that the COVID 19 situation is creating a lot of uncertainty, especially in regard to full reopening of the economy and its impact on households across various strata of society. Thus, it should be treated as dynamic situation and any estimates and assessment today is the best possible guess with just using available information and limited past experience. The situation is dynamic and all bodies (Government, Regulators, Industry participants, consumers etc.) are seeing new challenges with time and adjusting to it with a goal of minimum disruption to life and least impact on businesses. This valuation has been done amid this uncertainty and caution is advised. We do not express any opinion on the suitability or otherwise of entering into the proposed transaction.



Annexure II:
Valuation Approaches and Workings
Valuation Approaches and Workings

There are three approaches to Valuation namely Income, Asset and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	Net Asset Value (NAV) Method	The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes cost of assets only without recognizing their earning potential, present earnings, comparative financial performance of its peers and their enterprise values etc. In the instant case, the book value of equity share is negative. So, we deemed it appropriate to ignore this methodology for this valuation.
Market	Comparable Companies Multiples (CCM) Method	This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g. Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs. In the instant case, we have applied this methodology as the listed peers of the company were available. To arrive at the value of equity shares, we have considered the Enterprises to EBITDA Multiple of the comparable companies.
Income	Discounted Free Cash Flow (DFCF) Method.	The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. We have not applied this methodology as it is based on future business plan of the company and measures the potential value of business. However, the Company, being a listed company has not made/disclosed any long terms projections so we had to ignore this methodology.



METHODOLOGIES USED FOR VALUATION: -

Comparable Companies Multiples (CCM) Method

Computation of value per equity share as on 27th May, 2022:

As per EV/EBITDA Multiple	
Particulars	Amount (INR Million)
EBITDA for the period ended 31.03.2022	79.82
Industry Multiple (Peers) as on 27.05.2022	20.46
Enterprise Value as on 27.05.2022	1,633.11
Add : Cash as on 31.03.2022	10.66
Less: Debt as on 31.03.2022	1,602.95
Equity Value as on 27.05.2022	40.82
No. of Equity Shares as on 31.03.2022	7,930,000
Value per Equity Share as on 27.05.2022	5.15

Note: To arrive at the value of equity share, we have calculated the Enterprise Value to EBITDA multiple, wherein the EBITDA of the Company for Trailing 12 months (TTM) period from 1st April, 2021 to 31st March, 2022 is multiplied with the 27.05.2022 historical daily average Enterprise Value to EBITDA multiple of listed peers' companies belonging to the bottling of liquor and trading edible oil Industry.

We have considered below Comparable Companies as follow-on the basis of the following parameters:

- 1. Business Model:** -We have considered only those companies whose Industry classification and business model (in terms of the principal products/services) is similar to company's business model. For Industry classification, we have relied upon the BSE and Capitaine database.
- 2. Turnover, Profit Margins and Return on Capital Employed (ROCE):** - We have considered only those companies, whose risk and return characteristics fall within close range to that of company. The risk and return metrics have been evaluated in terms of the Turnover, Profit margins and ROCE which segment the broad industry into bifurcate cha turnover is close to Company's turnover.
- 3. Trade Volume:** -Only those companies has been considered, whose shares are frequently traded at National Stock Exchange (NSE) or Bombay Stock Exchange (BSE) in accordance with the SEBI (ICDR) Regulations, 2018.

Based on our Analysis of the Company and subject to our comments and caveats as further detailed in this report, we have arrived at the fair value of equity of the Company & Value per equity share at INR 40.82 Mn & INR 5.15 as on 27th May, 2022 respectively.



Annexure III:**Management certified consolidated Balance Sheet as on March 31st, 2022**

Particulars	Amount in INR Million
Equity Share Capital	79.30
Other Equity	(753.93)
Total Equity	(674.63)
Non-current Liabilities	271.15
Current Liabilities	1,617.89
Total Equity & Liabilities	1,214.40
Non-Current Assets	1,083.41
Current Assets	130.99
Total Assets	1,214.40

Management certified consolidated Profit and Loss statement for the 12 months period ended March 31st, 2022

Particulars	Amount in INR Million
Revenue from operations	802.14
Other income	9.24
Total Revenue	811.38
Total Expenses	755.50
Profit Before Tax (PBT)	55.88



Annexure IV: Caveats

- This Valuation Report has been issued on the specific request of “**Shri Gang Industries and Allied Products Limited**” for determining the Value of Equity share of the Company in accordance with the SEBI (ICDR) Regulations. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without our prior written consent.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matters of legal nature.
- In Accordance with the customary approach adopted in Valuation exercise, we have summarized the Valuation Analysis of equity shares of the Company based on the information as was provided to us by the management of the Company both written, verbal and other publicly available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion.
- This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, directors or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- Our valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

