



Practising Company Secretary
Membership No. FCS 6384

Registered Valuer (SFA)
RV Reg No. IBBI/RV/03/2020/13542

7th December, 2020

To
Board of Directors
FARM GAS PRIVATE LIMITED
3rd Floor, Kailash-A, 6+7,
Sumangalam C.H.S.L., Drive In Road,
Bodakdev, Ahmedabad – 380009

SUB.: VALUATION FOR ISSUE OF PREFERENCE SHARES FARM GAS PRIVATE LIMITED

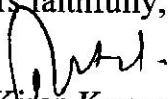
Dear Sir,

Pursuant to the appointment of Kiran Kumar Patel (Registered Valuer with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017), vide your appointment and acceptance of our engagement letter dated 04/12/2020 for the purpose of determining the share value for issue of Preference Shares of **FARM GAS PRIVATE LIMITED** ("the Company") for the proposed allotment of Preference Shares to the existing/ other shareholders of the Company on Private Placement basis.

The fair market value for issue of the afore-said Preference Shares of **FARM GAS PRIVATE LIMITED**, for the aforesaid purpose, as on 30/09/2020 ("Valuation Date") is **INR 9.13/-** as determined in the Report enclosed herewith. However, considering the applicable provisions under the Companies Act, 2013, the Preference Shares cannot be issued at discount from its face value. Hence, the fair value of Preference Shares is **Rs. 10/- (i.e. face value) per share** for issue of Preference Shares on private placement basis.

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,
Yours faithfully,


RV Kiran Kumar Patel
IBBI REGISTERED VALUER
Assets class: Securities or financial assets
RV Reg. no: IBBI/RV/03/2020/13542

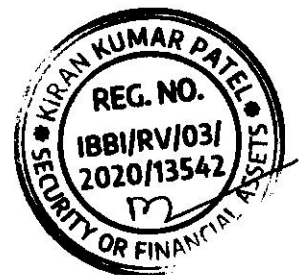


FARM GAS PRIVATE LIMITED

Share Valuation Report

CONTENTS

- I. TERMS OF REFERENCE
- II. BACKGROUND OF THE COMPANY
- III. INFORMATION RELIED UPON BY US
- IV. METHODS OF VALUATION
- V. VALUATION OF SHARES OF THE COMPANY
- VI. CAVEATS, LIMITATIONS AND DISCLAIMERS.



FARM GAS PRIVATE LIMITED

Share Valuation Report

I. TERMS OF REFERENCE

FARM GAS PRIVATE LIMITED ('the Company') is a private limited company incorporated under the Companies Act 2013.

The Company is contemplating to issue Preference Shares on private placement basis to existing shareholders and other applicants pursuant to section 42, 62 and other applicable provisions of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debenture) Rules, 2014 made there-under. The Management of the company has approached and appointed me in the capacity as Registered Valuer for valuation of shares of the Company for issue of Preference Shares on private placement basis vide your appointment and acceptance of our engagement letter dated 04/12/2020. Pursuant to provisions of section 62 (1)(C) of the Companies Act, 2013, the shares shall be offered to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of Chapter III and any other conditions as may be prescribed. Hence this valuation report is sought for the purpose of issue of preference shares on preferential basis.

II. BACKGROUND OF FARM GAS PRIVATE LIMITED

FARM GAS PRIVATE LIMITED (CIN: U40108GJ2019PTC111286) was incorporated on 09th December, 2019 as a private limited company under the Companies Act, 2013. The Company is yet to commence its business operations is in the process of implementation of the project. The Company is engaged in the business of generating renewable energy. The main object of the Company as per memorandum and articles of association is as under:

To carry on and generate Renewable Energy such as solar, photo voltaic, wind mill, alternate energy like LPG, CNG, LNG, Bio CNG, alternate fuels, bio fuels, solar, wind, new and renewable energies from waste, mud, farm produce and/or any other means, distribute, supply, import, export, research and sell such energy either directly by installation of Gas Stations or through other agencies for any industrial projects and to set up turnkey projects, in India or abroad.”

- 2.1 The authorized share capital of the Company as on the date of this report is Rs. 5,00,00,000/- divided into 25,00,000 Equity shares of Rs.10/- each and 25,00,000 Preference Shares of Rs. 10/- each..



- 2.2 The paid-up share capital of the Company is divided into Rs. 1,60,00,000/- divided into 16,00,000 equity shares of Rs.10/- each and Rs. 1,10,00,000/- divided into 11,00,000 preference shares of Rs. 10/- each aggregating to Rs. 2.70 Crores as on the date of this report.
- 2.3 The Company has its registered office 3rd Floor, Kailash-A, 6+7, Sumangalam C.H.S.L., Drive In Road, Bodakdev, Ahmedabad – 380009

III. INFORMATION RELIED UPON BY US

- 3.1 We, have prepared our Valuation Report on the basis of the following documents / information provided to us by the Company:
- (a) Audited financial statements for period ended 31st March, 2020.
 - (b) Unaudited financial statement certified by management as on 30.09.2020
 - (c) Memorandum and Articles of Association of the Company
 - (c) Discussions with and explanations given by the management / senior executives of the Company on various issues;

As per rule 13 of The Companies (Share Capital & Debentures) Rules, 2014, the Company is requires to disclose the basis on which the price has been arrived at along with report of the registered valuer. As per the request made by the management, the value of shares is to be made on the basis of financial statement of the Company as on 30.09.2020 and hence the valuation report is prepared on the basis of financial statement as on that date.

- 3.2 Our work does not constitute an audit or certification of the historical consolidated financial statements of the Company, including its working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.
- 3.3 This valuation report is issued on the understanding that the Company has drawn our attention to all the relevant matters, of which it was aware, concerning the company's financial position and business, which may have an impact on our Report.
- 3.4 The Company is incorporated on 09.12.2019 and is yet to commence its business operations. The audited statement of profit and loss of the Company for the financial year ended on 30.09.2020 is shown loss of Rs. 6,34,913/-. Further, there is no past track record for comparison of profitability as the Company is recently incorporated on 09.12.2019.



IV. METHODS OF VALUATION

4.1 There are several methods for valuing the shares of a company, such as:

- (a) Yield / Earnings Method;
- (b) Net Asset Valuation Method;
- (c) Market Price of Share Method;
- (d) Multiple based valuation techniques: Price/Earning (P/E), Enterprise Value/Earnings Before Interest, Tax, Depreciation & Amortization (EV/EBITDA) and Market Capitalization/Revenue Multiple Method; and
- (e) Discounted Cash Flow ('*DCF*') Method.

Each of these methods has its suitability, depending upon the facts of the case and the objectives of the valuation. For the sake of ready reference, these methods are explained below in brief.

(a) Yield / Earning Method:

- (i) For valuing a business on a Going Concern Basis, what is more relevant is the earning capacity of the company because the business undertaking is a profit-making apparatus and hence its value depends upon its earning capacity. This method capitalizes the earnings of the Company at an appropriate capitalization rate to arrive at the value of the business of the company.
- (ii) We have not used this method for the company, as the Company *has not yet operationalise as it is incorporated on 09.12.2019*. Hence, we have not adopted the same.

(b) Net Assets Based Valuation Method

- (i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.
- (ii) The Asset Based Valuation Method is taken into one of the method of valuation considering the reason that the Company is in the process of setting up and commissioning of the project as on 30.09.2020 and hence the value of assets has been shown in the books of accounts at fair value. Further, the management also have of the view that the value of assets as on date of this report is the fair value of the Company and hence this method is one of the method taken into account for valuation of shares.



- (iii) Further, even under the Asset Based Valuation method, it is necessary to value intangibles, such as goodwill, know-how, etc., which appeared in the balance sheet. The intangible is not shown in audited balance-sheet as the Company is incorporated. Hence, the valuation of intangibles assets is not shown in the Financial Statements.
- (iv) In other words, the Asset Based Valuation would be a preferable method of valuation considering the nature of business and its recent entering into the business. Hence, *we have adopted this method for valuing the shares*

(c) **Market Price of Share Method**

Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since the Company is not a **listed company**, we have not considered this to calculate the fair value of the common stock of the Company.

(d) **Discounted Cash Flow Method("DCF Method"):**

This method values the preference shares on the basis of its future cash flows. However, under this method, instead of using the future maintainable profits after tax as the basis of valuation, the valuation is made by using the free cash flows and it has two components as follows:

- (i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, *say*, 5 years; and
- (ii) Terminal Value (value after the explicit forecast period).

This method is suitable for a company as the industry in which the company operated depends heavily on future profitability and cash flows.

Since the financial projections and future *cash flows are not available to us* and considering the nature of requirement of valuation report (i.e. preferential allotment of shares), we have not adopted this method.

V. **VALUATION OF SHARES OF THE COMPANY:**

For valuing the shares of **FARM GAS PRIVATE LIMITED**, we have adopted NAV / Enterprise method for valuing the shares of the Company.

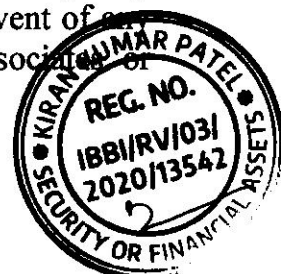
- 5.1 We have taken into account the un-audited balance-sheet as on 30.09.2020 certified by management as provided by the Company. We have adopted Net Asset Value Method to derive the asset realizable value of enterprise and share value of the Company.



- 5.2 Under the Net Asset Value method, we have calculated the Net asset value realizable to shareholders of the Company considering the Fixed Assets, Current Assets and Liabilities of the Company as on 30th September, 2020.
- 5.3. As informed by the management, the Company do not have any contingent liability, bad and doubtful debts, etc. which have an impact on calculating the Net Asset Value of the Company. The value calculated on the basis of Net Asset Value method is also considered as one of the value of shares of the Company.
- 5.4 The detailed calculation sheet for arriving at value of shares is refer to Annexure.
- 5.5 Please refer annexure below for the calculations of the fair market value per share of the Company.

VI. CAVEATS, LIMITATIONS AND DISCLAIMERS.

- 6.1 This Valuation Report is furnished solely for the use of **FARM GAS PRIVATE LIMITED** for the valuation of preference shares of **FARM GAS PRIVATE LIMITED** for the purpose mentioned in “Terms of Reference”, and should not be used for any other purpose without our prior written consent.
- 6.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company.
- 6.3 The valuation of Companies and businesses 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 judgment. While we have provided its assessment of the value of the share based on information available and within the scope and constraints of engagement, others may place a different value on the same and actual value realized may differ significantly.
- 6.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that a particular level of income of profit will be achieved, that events will occur, or that a particular price will be offered or accepted.
- 6.4 I have acted in the capacity of Registered Valuer for providing valuation services and will receive a fee for our services.
- 6.6. In no circumstances however, will I or my associates or employees accept any responsibility or liability to any third party and in the unforeseen event of such responsibility or liability being imposed on me or my associates or employees by any third party, the Company shall indemnify them.



- 6.7 We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- 6.8. The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the overall fair value of the assets of the Company, derived as an arithmetic average of the range of Fair Values. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- 6.9 The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 6.10. The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
- 6.11 The valuation report is prepared on the basis of the records / information available to us and there will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
- 6.12 The fair value of assets of the company have been performed on the provisional unaudited standalone balance sheet of the Company and its subsidiaries as provided by management as of the valuation date.



Annexure(Net Asset Value Realizable)

Particulars	31st March,2020	30th September, 2020
Fixed Assets		
Tangible Assets	-	2,24,38,750
Intangible Assets	-	-
Capital Work in Progress	1,60,447	5,39,001
Increase in building value as per valuation	-	-
Non-current Investment	-	-
L.T. Loan & Advances	-	-
Other Non-current Assets	31,56,566	-
Deferred Tax Assets	51,792	51,792
Current Assets		
Inventories	-	-
Trade Receivables	-	-
Cash & Cash equivalent	17,54,114	62,58,014
Short-term loan & advances	-	-
Other Current Assets	1,93,449	86,830
Total	53,16,368	2,93,74,387
Less External Liabilities		
Non C- Liabilities		
Long Term Borrowing		1,10,00,000
Trade payables		-
Long Term provision		-
Deferred Tax Liabilities		-
Total Non C. Liabilities		-
Current Liabilities		
S.Term Borrowing	25,00,000	25,00,000
Trade payables	10,39,057	12,50,454
Other Current Liabilities	30,000	13,335
Short term provisions	-	-
Total Current Liabilities	-	-
Total External Liabilities	35,69,057	1,47,63,789
Net Asset Realisable Value	17,47,311	1,46,10,598
	-	-
NAV Method:		
No. of Equity Shares	2,00,000	16,00,000
Value of share	8.73	9.13

Hence based on the details provided to us the fair value of shares is Rs. 9.13 per Shares.



KIRAN KUMAR PATEL
Registered Valuer (Shares and Securities)

305, Padmawati Apartment,
2nd Floor, Sector-29,
Gandhinagar
Phone: 9825023204
Email Id: rvkiranpatel@gmail.com

28.06.2021

To
Board of Directors
FARM GAS PRIVATE LIMITED
3rd Floor, Kailash-A, 6+7,
Sumangalam C.H.S.L., Drive In Road,
Bodakdev, Ahmedabad – 380009

SUB.: VALUATION FOR ISSUE OF PREFERENCE SHARES OF FARM GAS PRIVATE LIMITED

Dear Sir,

Pursuant to the appointment of Kiran Kumar Patel (Registered Valuer with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017), vide your appointment and acceptance of our engagement letter dated 28.06.2021 for the purpose of determining the fair value for issue of Preference Shares of **FARM GAS PRIVATE LIMITED** ("FGPL" or "the Company") for the proposed allotment of Preference Shares to the existing/ other shareholders of the Company on Private Placement basis.

The fair market value for issue of the afore-said Preference Shares of **FARM GAS PRIVATE LIMITED**, for the aforesaid purpose, as on 31/03/2021 ("Valuation Date") is **INR 8.40/-** as determined in the Report enclosed herewith. However, considering the applicable provisions under the Companies Act, 2013, the Preference Shares cannot be issued at discount from its face value. Hence, the fair value of Preference Shares is **Rs. 10/- (i.e. face value) per share** for issue of Preference Shares on private placement basis.

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,
Yours faithfully,



RV Kiran Kumar Patel
IBBI REGISTERED VALUER
Assets class: Securities or financial assets
RV Reg. no: IBBI/RV/03/2020/13542

FARM GAS PRIVATE LIMITED

Share Valuation Report

CONTENTS

- I. TERMS OF REFERENCE
- II. STANDARD AND PREMISE OF VALUE
- III. BACKGROUND OF THE COMPANY
- IV. INFORMATION RELIED UPON BY US
- V. BACK GROUND OF INFORMATION OF ASSET BEING VALUED
- VI. VALUATION METHODOLOGY AND APPROACH
- VII. VALUATION
- VIII. VALUATION OF SHARES OF THE COMPANY
- IX. CAVEATS, LIMITATIONS AND DISCLAIMERS.



FARM GAS PRIVATE LIMITED

Share Valuation Report

I. TERMS OF REFERENCE

FARM GAS PRIVATE LIMITED ('the Company') is a private limited company incorporated under the Companies Act 2013.

The Company is contemplating to issue Preference Shares on private placement basis to existing shareholders and other applicants pursuant to section 42, 62 and other applicable provisions of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debenture) Rules, 2014 made there-under. The Management of the company has approached and appointed me in the capacity as Registered Valuer for valuation of shares of the Company for issue of Preference Shares on private placement basis vide your appointment and acceptance of our engagement letter dated 28.06.2021. Pursuant to provisions of section 62 (1)(C) of the Companies Act, 2013, the shares shall be offered to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of Chapter III and any other conditions as may be prescribed. Hence this valuation report is sought for the purpose of issue of preference shares on preferential basis.

II. STANDARD AND PREMISE OF VALUE:

This report relies upon the use of fair market value as the standard of value. For the purpose of this appraisal, fair market value is as defined under Rule 11UA of Income Tax Rules, 1962 which is one of accepted pricing methodology for valuation under arm's length basis.

The analysis was performed under the premise of value in continued use as a going concern business enterprise. In our opinion this premise of value represents the highest and best use of the subject business assets.

III. BACKGROUND OF FARM GAS PRIVATE LIMITED

FARM GAS PRIVATE LIMITED (CIN: U40108GJ2019PTC111286) was incorporated on 09th December, 2019 as a private limited company under the Companies Act, 2013. The Company is yet to commence its business operations are in the process of implementation of the project. The Company is engaged in the business of generating renewable energy. The main object of the Company as per memorandum and articles of association is as under:

To carry on and generate Renewable Energy such as solar, photo voltaic, wind mill, alternate energy like LPG, CNG, LNG, Bio CNG, alternate fuels, bio fuels, solar, wind, new and renewable energies from waste, mud, farm produce and/or any other means, distribute, supply, import, export, research and sell such energy either directly by installation of Gas Stations or through other agencies for any industrial projects and to set up turnkey projects, in India or abroad."

- 3.1 The authorized share capital of the Company as on the date of this report is Rs.12,00,00,000/- divided into 64,00,000 Equity shares of Rs.10/- each and 56,00,000 Preference Shares of Rs. 10/- each..



- 3.2 The paid-up share capital of the Company is Rs. 3,68,92,000/- divided into 20,99,200 equity shares of Rs.10/- each and 15,90,000 preference shares of Rs. 10/- each as on the date of this report.
- 3.3 The Company has its registered office at 3rd Floor, Kailash-A, 6+7, Sumangalam C.H.S.L., Drive In Road, Bodakdev, Ahmedabad – 380009, Gujarat.

IV. INFORMATION RELIED UPON BY US

- 4.1 We have prepared our Valuation Report on the basis of the following documents / information provided to us by the Company:
- (a) Audited financial statements for period ended 31st March, 2021 and 31st March, 2020.
 - (b) Memorandum and Articles of Association of the Company
 - (c) Discussions with and explanations given by the management / senior executives of FGPL on various issues;
- 4.2 Our work does not constitute an audit or certification of the historical consolidated financial statements of FGPL, including its working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.
- 4.3 This valuation report is issued on the understanding that FGPL has drawn our attention to all the relevant matters, of which it was aware, concerning the company's financial position and business, which may have an impact on our Report.
- 4.4 The Company is incorporated on 09.12.2019 and is yet to commence its business operations. The audited statement of profit and loss of the Company for the financial year ended on 31.03.2021 is shown loss of Rs. 18,06,414/- and for the financial year ended on 31.03.2020 is shown loss of Rs. 2,00,569/-. Further, there is no past track record for comparison of profitability as the Company is recently incorporated on 09.12.2019.

V. BACK GROUND INFORMATION OF ASSETS BEING VALUED

Equity Shares

Regulatory Advisory

The provisions of section 42 of the Companies Act, 2013 read with its rule made there-under of the Companies (Share Capital & Debentures) Rules, 2014 provides the manner for the issue of shares on Private Placement basis shall take place. As per the request made by the management, the value of shares is to be made as per the financial statements upto 31st March, 2021.

Determination of fair market value:

11UA. [(1)] For the purposes of section 56 of the Act, the fair market value of a property, other than immovable property, shall be determined in the following manner, namely,—



Notwithstanding anything contained in sub-clause (b) of clause (c) of sub-rule (1), the fair market value of unquoted equity shares for the purposes of sub-clause (i) of clause (a) of Explanation to clause (viib) of sub-section (2) of section 56 shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner under clause (a) or clause (b), at the option of the assesses, namely:—

(a) the fair market value of unquoted equity shares= $\{(A-L) / PE\} * (PE)$

where

A = book value of the assets in the balance-sheet as reduced by any amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act and any amount shown in the balance-sheet as asset including the un-amortized amount of deferred expenditure which does not represent the value of any asset

L= book value of liabilities shown in the balance-sheet, but not including the following amounts, 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) amount representing provision for taxation, other than amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund 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;

PE= total amount of paid up equity share capital as shown in the balance-sheet;

PV = the paid up value of such equity shares; or

(b) the fair market value as per the Discounted Free Cash Flow method.

VI. VALUATION METHODOLOGY AND APPROACH

There are three fundamental ways to measure the value of a business or professional practice.

- (a) Market approach
- (b) Cost approach
- (c) Income approach



Under each approach, a number of methods are available which can be used to determine the value of an equity share. Each business valuation method uses a specific procedure to calculate the business value.

Market approach

The following valuation methods are commonly used under the market approach:

- (a) Comparable Companies Multiple (CCM) Method and
- (b) Comparable Transaction Multiple (CTM) Method

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions).

Cost approach

This approach to valuation considers underlying business assets in order to estimate the value of the overall business enterprise. This approach relies upon the economic principle of substitution and seeks to estimate the cost of recreating a business of equal economic utility, i.e. business that can produce the same returns for its owners as the subject business.

Income approach:

This method rely upon a stream of income are known as discounting income. The Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.

VII. VALUATION

There are several methods for valuing the shares of a company, such as:

(a) Market Approach:

Multiple based valuation techniques: The three widely used multiples are Price Earning ratios (P/E), Price to Book value ratios (P/B) and Enterprise Value/Earnings Before Interest, Tax, Depreciation & Amortization (EV/EBITDA). Since the Company is a closely held Private Limited Company, we have not considered the market approach having multiples as per market data and by discounting it on lack of marketability for closely held private companies to arrive at fair value of shares.

Market Price of Share Method: Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since FGPL is not a **listed company and no comparable companies are available**, we have not considered this to calculate the fair value of the common stock of the Company.



(b) Net Assets Based Valuation Method

- (i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.
- (ii) The Asset Based Valuation Method is taken as one of the method of valuation considering the reason that the company has assets based business and the value of assets has been shown in the books of accounts of the company. Since, the Company is under project implementation stage, this method is suitable for determining the fair value.
- (iii) Further, even under the Asset Based Valuation method, it is necessary to value intangibles, such as goodwill, know-how, etc., which appeared in the balance sheet. The intangible is not shown in balance-sheet of the company. Hence, the valuation of intangible assets is not taken into consideration for valuation.
- (iv) In other words, the Asset Based Valuation would be a hybrid value of the asset-based method as a valuation. Hence, *we have adopted this method for valuing the shares of FGPL.*

(c) Income Approach

Discounted Cash Flow Method(“DCF Method”):

This method values the equity on the basis of its future cash flows. However, under this method, instead of using the future maintainable profits after tax as the basis of valuation, the valuation is made by using the free cash flows and it has two components as follows:

- (i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, *say*, 5 years; and
- (ii) Terminal Value (value after the explicit forecast period).

This method is suitable for a company for industry in which the company operated depends heavily on future profitability and cash flows for prospective investors.

Since the financial projections and future *cash flows are not available to* us and considering the nature of requirement of valuation report (i.e. issue of Preference Shares), we have not adopted this method.

Conclusion

Disclaimer

IVS 103 ‘Reporting’ requires the Valuation report to disclose any significant uncertainty or limiting conditions that directly affect the valuation.

The exercise is carried in the mind of COVID-19 shock. Economists Hugo Erken, Raphie Hayat and Kan Ji view the COVID-19 shock as a black swan event –where the occurrence of the event might be unlikely but its impact is big (the Wire -14/03/2020). Our view is that the composition of growth in India across sectors might significantly change if the global containment of virus doesn’t happen on expected lines. We are still in the dark on whether the



virus can be contained effectively within a short period of time. It is unclear if that will only fully happen when vaccines become common, which could take more than a year to develop and be distributed. These times have been made even more interesting in respect of valuation as all markets are facing an uncertain future.

COVID-19 outbreaks persist, should restrictions on movement be extended or reintroduced, or should disruptions to economic activity be prolonged, the recession could be deeper. Businesses might find it hard to service debt, heightened risk aversion could lead to climbing borrowing costs, and bankruptcies and defaults could result in financial crises in many countries. Under this downside scenario, global growth could shrink by almost 8% in 2020.

Considering the financials of business, size of transaction and industry trends, we computed the fair value per equity shares.

VIII. VALUATION OF SHARES OF THE COMPANY:

For valuing the shares of **FARM GAS PRIVATE LIMITED**, we have adopted NAV / Enterprise method for valuing the shares of the Company.

- 8.1 We have taken into account the audited balance-sheet as on 31.03.2021 certified by management as provided by the Company. We have adopted Net Asset Value Method to derive the asset realizable value of enterprise and shares value of the Company.
- 8.2 Under the Net Asset Value method, we have calculated the Net asset value realizable to shareholders of the Company considering the Fixed Assets, Current Assets and Liabilities of the Company as on 31st March, 2021.
- 8.3 As informed by the management, the Company do not have any contingent liability, bad and doubtful debts, etc. which have an impact on calculating the Net Asset Value of the Company. The value calculated on the basis of Net Asset Value method is also considered as one of the value of shares of the Company.
- 8.4 The detailed calculation sheet for arriving at value of shares is refer to Annexure.
- 8.5 Please refer annexure below for the calculations of the fair market value per share of the Company.

IX. CAVEATS, LIMITATIONS AND DISCLAIMERS.

- 9.1 This Valuation Report is furnished solely for the use of **FARM GAS PRIVATE LIMITED** for the valuation of preference shares of **FARM GAS PRIVATE LIMITED** for the purpose mentioned in "Terms of Reference", and should not be used for any other purpose without our prior written consent.
- 9.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company.
- 9.3 The valuation of Companies and businesses 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 judgment. While we have provided its assessment of the value of the share based on



information available and within the scope and constraints of engagement, others may place a different value on the same and actual value realized may differ significantly.

- 9.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that a particular level of income of profit will be achieved, that events will occur, or that a particular price will be offered or accepted.
- 9.5 I have acted in the capacity of Registered Valuer for providing valuation services and will receive a fee for our services.
- 9.6 In no circumstances however, will I or my associates or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on me or my associates or employees by any third party, the Company shall indemnify them.
- 9.7 We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- 9.8. The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the overall fair value of the assets of the Company, derived as an arithmetic average of the range of Fair Values. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- 9.9 The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 9.10. The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
- 9.11 The valuation report is prepared on the basis of the records / information available to us and there will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
- 9.12 The fair value of assets of the company have been performed on the Audited financial statement by auditors of the Company as provided by management as of the valuation date.



Annexure(Net Asset Value Realizable)

Particulars	31st March, 2020	31st March, 2021
Fixed Assets		
Property, Plant and Equipment	-	2,24,38,750.00
Intangible Assets	-	-
Capital Work in Progress	1,60,447.00	56,21,130.00
Increase in building value as per valuation	-	-
Non-current Investment	-	-
L.T. Loan & Advances	-	-
Other Non-current Assets	31,56,566.00	3,19,72,705.00
Deferred Tax Assets	51,792.00	2,26,230.00
Current Assets		
Inventories	-	-
Trade Receivables	-	-
Cash & Cash equivalent	17,54,114.00	5,59,65,633.00
Short-term loan & advances	-	-
Other Current Assets	1,93,449.00	7,26,104.00
Total	53,16,368.00	11,69,50,552.00
Less External Liabilities	-	-
Non C- Liabilities		
Long Term Borrowing	-	9,59,00,000.00
Trade payables	-	-
Long Term provision	-	-
Deferred Tax Liabilities	-	-
Total Non C. Liabilities	-	9,59,00,000.00
Current Liabilities		
S.Term Borrowing	25,00,000.00	
Trade payables	10,39,057.00	17,75,273.00
Other Current Liabilities	30,000.00	16,52,275.00
Short term provisions	-	-
Total Current Liabilities	35,69,057.00	34,27,548.00
Total External Liabilities	35,69,057.00	9,93,27,548.00
Net Asset Realisable Value	17,47,311.00	1,76,23,004.00
NAV Method:		
No. of Equity Shares		2099200
Value of share		8.40

Hence based on the details provided to us the fair value of shares is **Rs. 8.40** per Shares.



31st October, 2020

To
Board of Directors
VENUKA POLYMERS PRIVATE LTD
4TH FLOOR, BLOCK-8,
MAGNET CORPORATE PARK
NEAR ZYDUS HOSPITAL,
S. G. HIGHWAY, AHMEDABAD 380054

SUB.: VALUATION OF PREFERENCE SHARES OF VENUKA POLYMERS PRIVATE LIMITED

Dear Sir,

Pursuant to the appointment of MANISH SANTOSH BUCHASIA (Registered Valuer with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017), vide your appointment and acceptance of our engagement letter dated 10th October, 2020 for the purpose of determining the share value for issue of preference shares of **VENUKA POLYMERS PRIVATE LTD** ("VPPL", or "the Company") for the proposed allotment of preference shares to the existing / other shareholders of the Company on private placement basis.

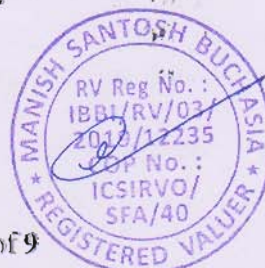
The fair market value of preference share of **VENUKA POLYMERS PRIVATE LIMITED**, for the aforesaid purpose, as on 31.03.2020 ("Valuation Date") is **INR 7.34/-** as determined in the Report enclosed herewith. However, considering the applicable provisions under the Companies Act, 2013, the Preference shares cannot be issued at discount from its face value. Hence, the fair value of Preference Shares is **Rs.10/-** (i.e. face value) each for issue of **5,05,200 10.5% Non-Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each at par on private placement basis.**

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,
Yours faithfully,



RV Manish Santosh Buchasia
IBBI REGISTERED VALUER
Assets class: Securities or financial assets
RV Reg. no: IBBI/RV/03/2019/12235



VENUKA POLYMERS PRIVATE LTD

Share Valuation Report

CONTENTS

- I. TERMS OF REFERENCE
- II. BACKGROUND OF THE COMPANY
- III. INFORMATION RELIED UPON BY US
- IV. METHODS OF VALUATION
- V. VALUATION OF SHARES OF THE COMPANY
- VI. CAVEATS, LIMITATIONS AND DISCLAIMERS.



VENUKA POLYMERS PRIVATE LTD

Share Valuation Report

I. TERMS OF REFERENCE

VENUKA POLYMERS PRIVATE LIMITED ('VPPL' or 'Company') is a private limited company incorporated under the Companies Act 2013.

VPPL is contemplating to issue preference shares on private placement basis to existing shareholders and others applicants pursuant to section 42, 62 and other applicable provisions of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debenture) Rules, 2014 made there-under. The Management of VPPL has approached and appointed me in the capacity as Registered Valuer for valuation of shares of the Company for issue of preference shares on private placement basis vide your appointment and acceptance of our engagement letter dated 10/10/2020. Pursuant to provisions of section 62 (1)(C) of the Companies Act, 2013, the shares shall be offered to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of Chapter III and any other conditions as may be prescribed. Hence this valuation report is sought for the purpose of issue of Preference shares on private placement basis.

II. BACKGROUND OF VENUKA POLYMERS PRIVATE LIMITED

VPPL (CIN: U25209GJ2019PTC111511) was incorporated on 19th December, 2020 as a private limited company under the Companies Act, 2013. The Company is yet to commence its business operations and is engaged in the business of manufacturing of irrigation equipment. The main object of the Company as per memorandum and articles of association is as under:

To carry on the business of manufacturing, distributing, supplying, producing, irrigation equipment, sprinklers, drip irrigation materials including Micro Irrigation Systems, PVC/MDPE/HDPE/LDPE/LLDPE/PP pipes, tubes, hoses, fittings, profiles, coated, uncoated, printed, unprinted articles, pipes, films, tubes, all types of water, air, centrifugal pumps, filters, valves, connectors, polymers, controlled agriculture system in form of Green Houses, Poly Houses, Trunkey Projects of water supply, development of Turnkey wasteland transformation, training and extension, research and development, laying of marine pipelines systems and conduit for fibre optic cables in India and/or abroad."



- 2.1 The authorized share capital of the Company as on the date of this report is Rs. 2,00,00,000/- divided into 20,00,000 Equity shares of Rs.10/- each and 15,00,000 preference shares of Rs.10/- each aggregating to Rs.3.50 Crores.
- 2.2 The paid-up share capital of the Company is divided into Rs. 46,96,000 divided into 4,69,600 equity shares of Rs.10/- each and 4,75,000 preference shares of Rs.10/- each aggregating to Rs. 47,50,000/-. Thus the total paid up share capital of the Company is Rs. 94,46,000/- as on the date of this report.
- 2.3 The Company has its registered office at 4th Floor,Block-8, Magnet Corporate Park Near Zydus Hospital, S. G. Highway, Ahmedabad, Gujarat 380054

III. INFORMATION RELIED UPON BY US

- 3.1 We, have prepared our Valuation Report on the basis of the following documents / information provided to us by VPPL:
- (a) Audited financial statements for period ended 31st March, 2020
- (b) Memorandum and Articles of Association of the Company
- (c) Discussions with and explanations given by the management / senior executives of VPPL on various issues;

As per rule 13 of The Companies (Share Capital & Debentures) Rules, 2014, the Company is requires to disclose the basis on which the price has been arrived at along with report of the registered valuer. As per the request made by the management, the value of shares is to be made on the basis of audited accounts of the Company as on 31.03.2020 and hence the valuation report is prepared on the basis of financial statement as on that date.

- 3.2 Our work does not constitute an audit or certification of the historical consolidated financial statements of VPPL, including its working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.
- 3.3 This valuation report is issued on the understanding that VPPL has drawn our attention to all the relevant matters, of which it was aware, concerning the company's financial position and business, which may have an impact on our Report.
- 3.4 The Company is recently incorporated on 19.12.2019 and is yet to commence its business operations. The audited statement of profit and loss of the



Company for the financial year ended on 31.03.2020 is shown loss of Rs. 2,14,397/-. Further, there is no past track record for comparison of profitability as the Company is recently incorporated.

IV. METHODS OF VALUATION

4.1 There are several methods for valuing the shares of a company, such as:

- (a) Yield / Earnings Method;
- (b) Net Asset Valuation Method;
- (c) Market Price of Share Method;
- (d) Multiple based valuation techniques: Price/Earning (P/E), Enterprise Value/Earnings Before Interest, Tax, Depreciation & Amortization (EV/EBITDA) and Market Capitalization/Revenue Multiple Method; and
- (e) Discounted Cash Flow (*DCF*) Method.

Each of these methods has its suitability, depending upon the facts of the case and the objectives of the valuation. For the sake of ready reference, these methods are explained below in brief.

(a) Yield / Earning Method:

- (i) For valuing a business on a Going Concern Basis, what is more relevant is the earning capacity of the company because the business undertaking is a profit-making apparatus and hence its value depends upon its earning capacity. This method capitalizes the earnings of the Company at an appropriate capitalization rate to arrive at the value of the business of the company.
- (ii) We have not used this method for the company, as the Company *has not yet operationalise as it is recently incorporated*. Hence, we have not adopted the same.

(b) Net Assets Based Valuation Method

- (i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.
- (ii) The Asset Based Valuation Method is taken into one of the method of valuation considering the reason that the Company is in the process of setting up and commissioning of the project as on 31.03.2020 and hence the value of assets has been shown in the



books of accounts at fair value. Further, the management also have of the view that the value of assets as on date of this report is the fair value of the Company and hence this method is one of the method taken into account for valuation of shares.

- (iii) Further, even under the Asset Based Valuation method, it is necessary to value intangibles, such as goodwill, know-how, etc., which appeared in the balance sheet. The intangible is not shown in audited balance-sheet as the Company is recently incorporated. The valuation of intangibles would involve the valuation based on the earning capacity of the company.
- (iv) In other words, the Asset Based Valuation would be a preferable method of valuation considering the nature of business and its recent entering into the business. Hence, *we have adopted this method for valuing the shares*

(c) **Market Price of Share Method**

Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since VPPL is not a **listed company**, we have not considered this to calculate the fair value of the common stock of VPPL.

(d) **Discounted Cash Flow Method("DCF Method"):**

This method values the preference shares on the basis of its future cash flows. However, under this method, instead of using the future maintainable profits after tax as the basis of valuation, the valuation is made by using the free cash flows and it has two components as follows:

- (i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, *say*, 5 years; and
- (ii) Terminal Value (value after the explicit forecast period).

This method is suitable for a company as the industry in which the company operated depends heavily on future profitability and cash flows.

Since the financial projections and future *cash flows are not available* to us and considering the nature of requirement of valuation report (i.e. preferential allotment of shares), we have not adopted this method.

V. **VALUATION OF SHARES OF THE COMPANY:**

For valuing the shares of **VENUKA POLYMERS PRIVATE LIMITED**, we have adopted NAV / Enterprise method for valuing the shares of the Company.



- 5.1 We have taken into account the audited balance-sheet as on 31.03.2020 as provided by the Company. We have adopted Net Asset Value Method to derive the asset realizable value of enterprise and shares value of the Company.
- 5.2 Under the Net Asset Value method, we have calculated the Net asset value realizable to shareholders of the Company considering the Fixed Assets, Current Assets and Liabilities of the Company as on 31st March, 2020.
- 5.3 As informed by the management, the Company do not have any contingent liability, bad and doubtful debts, etc. which have an impact on calculating the Net Asset Value of the Company. The value calculated on the basis of Net Asset Value method is also considered as one of the value of shares of the Company.
- 5.4 The detailed calculation sheet for arriving at value of shares is refer to Annexure.
- 5.5 Please refer annexure below for the calculations of the fair market value per share of the Company.

VI. CAVEATS, LIMITATIONS AND DISCLAIMERS.

- 6.1 This Valuation Report is furnished solely for the use of **VENUKA POLYMERS PRIVATE LIMITED** for the valuation of preference shares of **VENUKA POLYMERS PRIVATE LIMITED** for the purpose mentioned in "Terms of Reference", and should not be used for any other purpose without our prior written consent.
- 6.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company.
- 6.3 The valuation of Companies and businesses 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 judgment. While we have provided its assessment of the value of the share based on information available and within the scope and constraints of engagement, others may place a different value on the same and actual value realized may differ significantly.
- 6.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.



- 6.4 I have acted in the capacity of Registered Valuer for providing valuation services and will receive a fee for our services.
- 6.6. In no circumstances however, will I or my associates or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on me or my associates or employees by any third party, VPPL shall indemnify them.
- 6.7 We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- 6.8. The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the overall fair value of the assets of the Company, derived as an arithmetic average of the range of Fair Values. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- 6.9 The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 6.10. The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
- 6.11 The valuation report is prepared on the basis of the records / information available to us and there will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.



6.12 The fair value of assets of the company have been performed on the provisional unaudited standalone balance sheet of the Company and its subsidiaries as provided by management as of the valuation date.

Annexure (Net Asset Value Realizable)

Particulars	31st March, 2020
Fixed Assets	
Tangible Assets	45,626
Intangible Assets	-
Capital Work in Progress	10,52,936
Increase in building value as per valuation	-
Non-current Investment	-
L.T. Loan & Advances	-
Other Non-current Assets	-
Deferred Tax Assets	52,940
Current Assets	
Inventories	-
Trade Receivables	-
Cash & Cash equivalent	9,98,646
Short-term loan & advances	-
Other Current Assets	44,205
Total	21,94,353
Less External Liabilities	
Non C- Liabilities	
Long Term Borrowing	-
Trade payables	-
Long Term provision	-
Deferred Tax Liabilities	-
Total Non C. Liabilities	-
Current Liabilities	
S.Term Borrowing	-
Trade payables	14,44,871
Other Current Liabilities	-
Short term provisions	15,000
Total Current Liabilities	14,59,871
Total External Liabilities	14,59,871
Net Asset Realisable Value	7,34,482
NAV Method:	
No. of Equity Shares	1,00,000
Value of share	7.34

Hence based on the details provided to us the fair value of shares is **Rs.7.34** per Shares.



KIRAN KUMAR PATEL
Registered Valuer (Shares and Securities)

305, Padmawati Apartment,
2nd Floor, Sector-29,
Gandhinagar
Phone: 9825023204
Email Id: rvkiranpatel@gmail.com

Date: 25.08.2021

To
Board of Directors
VENUKA POLYMERS PRIVATE LIMITED
4th Floor, Block-8, Magnet Corporate Park,
Near Zydus Hospital, S. G. Highway,
Ahmedabad-380054.

SUB.: VALUATION FOR ISSUE OF PREFERENCE SHARES VENUKA POLYMERS PRIVATE LIMITED

Dear Sir,

Pursuant to the appointment of Kiran Kumar Patel (Registered Valuer with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017), vide your appointment and acceptance of our engagement letter dated 12.08.2021 for the purpose of determining the share value for issue of Preference Shares of **VENUKA POLYMERS PRIVATE LIMITED** ('VPPL' or "the Company") for the proposed allotment of Preference Shares to the existing/ other shareholders of the Company on Private Placement basis.

The fair market value for issue of the afore-said Preference Shares of **VENUKA POLYMERS PRIVATE LIMITED**, for the aforesaid purpose, as on 30.06.2021 ("Valuation Date") is **INR 8.76/-** as determined in the Report enclosed herewith. However, considering the applicable provisions under the Companies Act, 2013, the Preference Shares cannot be issued at discount from its face value. Hence, the fair value of Preference Shares is **Rs. 10/- (i.e. face value) per share** for issue of Preference Shares on private placement basis.

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,
Yours faithfully,



RV Kiran Kumar Patel
IBBI REGISTERED VALUER
Assets class: Securities or financial assets
RV Reg. no: IBBI/RV/03/2020/13542

VENUKA POLYMERS PRIVATE LIMITED

Share Valuation Report

CONTENTS

- I. TERMS OF REFERENCE
- II. STANDARD AND PREMISE OF VALUE
- III. BACKGROUND OF THE COMPANY
- IV. INFORMATION RELIED UPON BY US
- V. BACK GROUND OF INFORMATION OF ASSET BEING VALUED
- VI. VALUATION METHODOLOGY AND APPROACH
- VII. VALUATION
- VIII. VALUATION OF SHARES OF THE COMPANY
- IX. CAVEATS, LIMITATIONS AND DISCLAIMERS.



VENUKA POLYMERS PRIVATE LIMITED

Share Valuation Report

I. TERMS OF REFERENCE

VENUKA POLYMERS PRIVATE LIMITED ('VPPL' or 'the Company') is a private limited company incorporated under the Companies Act 2013.

VPPL is contemplating to issue Preference Shares on private placement basis to existing shareholders and other applicants pursuant to section 42, 62 and other applicable provisions of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debenture) Rules, 2014 made there-under. The Management of VPPL has approached and appointed me in the capacity as Registered Valuer for valuation of shares of the Company for issue of Preference Shares on private placement basis vides your appointment and acceptance of our engagement letter dated 12.08.2021.

II. STANDARD AND PREMISE OF VALUE:

This report relies upon the use of fair market value as the standard of value. For the purpose of this appraisal, fair market value is as defined under Rule 11UA of Income Tax Rules, 1962 which is one of accepted pricing methodology for valuation under arm's length basis.

The analysis was performed under the premise of value in continued use as a going concern business enterprise. In our opinion this premise of value represents the highest and best use of the subject business assets.

III. BACKGROUND OF VENUKA POLYMERS PRIVATE LIMITED

VPPL (CIN: U25209GJ2019PTC111511) was incorporated on 19th December, 2019 as a private limited company under the Companies Act, 2013. The Company is yet to commence its business operations are in the process of implementation of the project. The Company is engaged in the business of manufacturing of irrigation equipment. The main object of the Company as per memorandum and articles of association is as under:

To carry on the business of manufacturing, distributing, supplying, producing, irrigation equipment, sprinklers, drip irrigation materials including Micro Irrigation Systems, PVC/MDPE/HDPE/LDPE/LLDPE/PP pipes, tubes, hoses, fittings, profiles, coated, uncoated, printed, unprinted articles, pipes, films, tubes, all types of water, air, centrifugal pumps, filters, valves, connectors, polymers, controlled agriculture system in form of Green Houses, Poly Houses, Trunkey Projects of water supply, development of Turnkey wasteland transformation, training and extension, research and development, laying of marine pipelines systems and conduit for fibre optic cables in India and/or abroad."

- 3.1 The authorized share capital of the Company as on the date of this report is Rs. 5,00,00,000/- divided into 25,00,000 Equity shares of Rs.10/- each and 25,00,000 Preference Shares of Rs. 10/- each.
- 3.2 The paid-up share capital of the Company is divided into Rs. 2,10,16,000/- divided into 21,01,600 equity shares of Rs.10/- each and Rs. 2,71,02,000/- divided into 27,10,200 preference shares of Rs. 10/- each aggregating to Rs. 4.81 Crores as on the date of this report.



- 3.3 The Company has its registered office at 4th Floor, Block-8, Magnet Corporate Park, Near Zydus Hospital, S. G. Highway, Ahmedabad -380054

IV. INFORMATION RELIED UPON BY US

- 4.1 We have prepared our Valuation Report on the basis of the following documents / information provided to us by VPPL:
- (a) Audited financial statements for period ended 31st March, 2021.
 - (b) Unaudited financial statement certified by management as on 30.06.2021
 - (c) Memorandum and Articles of Association of the Company
 - (c) Discussions with and explanations given by the management / senior executives of the Company on various issues;
- 4.2 Our work does not constitute an audit or certification of the historical consolidated financial statements of the Company, including its working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.
- 4.3 This valuation report is issued on the understanding that the Company has drawn our attention to all the relevant matters, of which it was aware, concerning the company's financial position and business, which may have an impact on our Report.
- 4.4 The Company is incorporated on 19.12.2019. The statement of profit and loss of the Company for the year ended 31st March, 2021 is showing net loss of Rs. 10,61,568/-. Further, The unaudited financial statement for the year ended 30th June, 2021 is showing net loss of Rs. 7, 07,874/-.

V. BACK GROUND INFORMATION OF ASSETS BEING VALUED

Equity Shares

Regulatory Advisory

The provisions of section 42 of the Companies Act, 2013 read with its rule made there-under of the Companies (Share Capital & Debentures) Rules, 2014 provides the manner for the issue of shares on Private Placement basis shall take place. As per the request made by the management, the value of shares is to be made as per the unaudited financial statements up to 30th June, 2021.

Determination of fair market value:

11UA. [(1)] For the purposes of section 56 of the Act, the fair market value of a property, other than immovable property, shall be determined in the following manner, namely,—

Notwithstanding anything contained in sub-clause (b) of clause (c) of sub-rule (1), the fair market value of unquoted equity shares for the purposes of sub-clause (i) of clause (a) of Explanation to clause (viib) of sub-section (2) of section 56 shall be the value, on the



valuation date, of such unquoted equity shares as determined in the following manner under clause (a) or clause (b), at the option of the assesses, namely:—

(a) the fair market value of unquoted equity shares= $\{(A-L) / PE\} * (PE)$

where

A = book value of the assets in the balance-sheet as reduced by any amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act and any amount shown in the balance-sheet as asset including the un-amortized amount of deferred expenditure which does not represent the value of any asset

L= book value of liabilities shown in the balance-sheet, but not including the following amounts, 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) amount representing provision for taxation, other than amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund 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;

PE= total amount of paid up equity share capital as shown in the balance-sheet;

PV = the paid up value of such equity shares; or

(b) the fair market value as per the Discounted Free Cash Flow method.

VI. VALUATION METHODOLOGY AND APPROACH

There are three fundamental ways to measure the value of a business or professional practice.

- (a) Market approach
- (b) Cost approach
- (c) Income approach



Under each approach, a number of methods are available which can be used to determine the value of an equity share. Each business valuation method uses a specific procedure to calculate the business value.

Market approach

The following valuation methods are commonly used under the market approach:

- (a) Comparable Companies Multiple (CCM) Method and
- (b) Comparable Transaction Multiple (CTM) Method

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions).

Cost approach

This approach to valuation considers underlying business assets in order to estimate the value of the overall business enterprise. This approach relies upon the economic principle of substitution and seeks to estimate the cost of recreating a business of equal economic utility, i.e. business that can produce the same returns for its owners as the subject business.

Income approach:

This method rely upon a stream of income are known as discounting income. The Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.

VII. VALUATION

There are several methods for valuing the shares of a company, such as:

(a) Market Approach:

Multiple based valuation techniques: The three widely used multiples are Price Earning ratios (P/E), Price to Book value ratios (P/B) and Enterprise Value/Earnings Before Interest, Tax, Depreciation & Amortization (EV/EBITDA). Since the Company is a closely held Private Limited Company, we have not considered the market approach having multiples as per market data and by discounting it on lack of marketability for closely held private companies to arrive at fair value of shares.

Market Price of Share Method: Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since VPPL is not a **listed company and no comparable companies are available**, we have not considered this to calculate the fair value of the common stock of the Company.



(b) Net Assets Based Valuation Method

- (i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.
- (ii) The Asset Based Valuation Method is taken as one of the method of valuation considering the reason that the company has assets based business and the value of assets has been shown in the books of accounts of the company. Since, the Company is under project implementation stage, this method is suitable for determining the fair value.
- (iii) Further, even under the Asset Based Valuation method, it is necessary to value intangibles, such as goodwill, know-how, etc., which appeared in the balance sheet. The intangible is not shown in balance-sheet of the company. Hence, the valuation of intangible assets is not taken into consideration for valuation.
- (iv) In other words, the Asset Based Valuation would be a hybrid value of the asset-based method as a valuation. Hence, *we have adopted this method for valuing the shares of VPPL.*

(c) Income Approach

Discounted Cash Flow Method(“DCF Method”):

This method values the equity on the basis of its future cash flows. However, under this method, instead of using the future maintainable profits after tax as the basis of valuation, the valuation is made by using the free cash flows and it has two components as follows:

- (i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, *say*, 5 years; and
- (ii) Terminal Value (value after the explicit forecast period).

This method is suitable for a company for industry in which the company operated depends heavily on future profitability and cash flows for prospective investors.

Since the financial projections and future *cash flows are not available to* us and considering the nature of requirement of valuation report (i.e. issue of Preference Shares), we have not adopted this method.

Conclusion

Disclaimer

IVS 103 ‘Reporting’ requires the Valuation report to disclose any significant uncertainty or limiting conditions that directly affect the valuation.

The exercise is carried in the mind of COVID-19 shock. Economists Hugo Erken, Raphie Hayat and Kan Ji view the COVID-19 shock as a black swan event –where the occurrence of the event might be unlikely but its impact is big (the Wire -14/03/2020). Our view is that the composition of growth in India across sectors might significantly change if the global containment of virus doesn’t happen on expected lines. We are still in the dark on whether the virus can be contained effectively within a short period of time. It is unclear if that will only



fully happen when vaccines become common, which could take more than a year to develop and be distributed. These times have been made even more interesting in respect of valuation as all markets are facing an uncertain future.

COVID-19 outbreaks persist, should restrictions on movement be extended or reintroduced, or should disruptions to economic activity be prolonged, the recession could be deeper. Businesses might find it hard to service debt, heightened risk aversion could lead to climbing borrowing costs, and bankruptcies and defaults could result in financial crises in many countries Under this downside scenario, global growth could shrink by almost 8% in 2020.

Considering the financials of business, size of transaction and industry trends, we computed the fair value per equity shares.

VIII VALUATION OF SHARES OF THE COMPANY:

For valuing the shares of **VENUKA POLYMERS PRIVATE LIMITED**, we have adopted NAV / Enterprise method for valuing the shares of the Company.

8.1 We have taken into account the un-audited balance-sheet as on 30.06.2021 certified by management as provided by the Company.

We have adopted Net Asset Value Method to derive the asset realizable value of enterprise and shares value of the Company.

8.2 Under the Net Asset Value method, we have calculated the Net asset value realizable to shareholders of the Company considering the Fixed Assets, Current Assets and Liabilities of the Company as on 30th June, 2021.

8.3. As informed by the management, the Company do not have any contingent liability, bad and doubtful debts, etc. which have an impact on calculating the Net Asset Value of the Company. The value calculated on the basis of Net Asset Value method is also considered as one of the value of shares of the Company.

8.4 The detailed calculation sheet for arriving at value of shares is referring to Annexure.

8.5 Please refer annexure below for the calculations of the fair market value per share of the Company.

IX. CAVEATS, LIMITATIONS AND DISCLAIMERS.

9.1 This Valuation Report is furnished solely for the use of **VENUKA POLYMERS PRIVATE LIMITED** for the valuation of preference shares of **VENUKA POLYMERS PRIVATE LIMITED** for the purpose mentioned in “Terms of Reference”, and should not be used for any other purpose without our prior written consent.

9.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company.

9.3 The valuation of Companies and businesses 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 judgment. While we have provided its assessment of the value of the share based on



information available and within the scope and constraints of engagement, others may place a different value on the same and actual value realized may differ significantly.

- 9.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that a particular level of income of profit will be achieved, that events will occur, or that a particular price will be offered or accepted.
- 9.5 I have acted in the capacity of Registered Valuer for providing valuation service and will receive a fee for our services.
- 9.6 In no circumstances however, will I or my associates or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on me or my associates or employees by any third party, the Company shall indemnify them.
- 9.7 We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- 9.8 The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the overall fair value of the assets of the Company, derived as an arithmetic average of the range of Fair Values. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- 9.9 The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 9.10 The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
- 9.11 The valuation report is prepared on the basis of the records / information available to us and there will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
- 9.12 The fair value of assets of the company has been performed on the provisional unaudited standalone balance sheet of the Company and its subsidiaries as provided by management as of the valuation date.



Annexure(Net Asset Value Realizable)

Particulars	31st March, 2021	30th June, 2021
Fixed Assets		
Tangible Assets	6,10,675.00	6,02,85,658.00
Intangible Assets	2,61,96,654.00	2,47,41,284.00
Capital Work in Progress	5,47,54,515.00	-
Other financial Assets	7,24,345.00	7,49,763.00
L.T. Loan & Advances	-	-
Other Non-current Assets	29,25,417.00	34,08,126.00
Deferred Tax Assets	1,20,735.00	2,32,673.00
Total Non Current Assets	8,53,32,341.00	8,94,17,504.00
Current Assets		
Inventories	28,33,265.00	1,14,07,946.00
Trade Receivables	-	3,70,752.00
Cash & Cash equivalent	3,53,57,225.00	1,80,78,923.00
Short-term loan & advances	-	-
Other Current Assets	1,01,15,805.00	1,15,44,343.00
Total Current Assets	4,83,06,295.00	4,14,01,964.00
Total Assets	13,36,38,636.00	13,08,19,468.00
Less External Liabilities	-	-
Non C- Liabilities		
Long Term Borrowing	6,16,40,649.00	6,41,34,039.00
Trade payables	-	-
Other Financial Liabilities	2,66,03,155.00	2,56,10,003.00
Deferred Tax Liabilities	-	-
Total Non C. Liabilities	8,82,43,804.00	8,97,44,042.00
Current Liabilities		
S.Term Borrowing	54,40,381.00	1,74,40,885.00
Trade payables	96,59,883.00	33,26,349.00
Other Current Liabilities	5,46,738.00	5,10,756.00
Short term provisions	1,41,799.00	2,64,782.00
Other Financial Liabilities	1,04,79,236.00	11,13,731.00
Total Current Liabilities	2,62,68,037.00	2,26,56,503.00
Total External Liabilities	11,45,11,841.00	11,24,00,545.00
Net Asset Realisable Value	1,91,26,795.00	1,84,18,923.00
No. of Equity Shares		2101600
Value of share		8.76

Hence based on the details provided to us the fair value of shares is **Rs. 8.76** per Shares.



KIRAN KUMAR PATEL
Registered Valuer (Shares and Securities)

**305, Padmawati Apartment,
2nd Floor, Sector-29,
Gandhinagar
Phone: 9825023204
Email Id: rvkiranpatel@gmail.com**

Date: 10/03/2022

To
Board of Directors
NI HON CYLINDERS PRIVATE LIMITED
HR-18A, First Floor, Gali No.-10,
INDL. Area Anand Parbat,
Near Indl Area, New Delhi,
Central Delhi-110005

SUB.: VALUATION FOR ISSUE OF EQUITY SHARES -NI HON CYLINDERS PRIVATE LIMITED

Dear Sir,

Pursuant to the appointment of Kiran Kumar Patel (Registered Valuer with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017), vide your appointment and acceptance of our engagement letter dated 01.03.2022 for the purpose of determining the share value for issue of Equity Shares of **NI HON CYLINDERS PRIVATE LIMITED** ('NHCPL' or "the Company") for the proposed allotment of Equity Shares to the existing/ other shareholders of the Company on Preferential Placement basis.

The fair market value for issue of the afore-said Equity Shares of **NI HON CYLINDERS PRIVATE LIMITED**, for the aforesaid purpose, as on 31.03.2021 ("Valuation Date") is **INR 9.42/-** as determined in the Report enclosed herewith. However, considering the applicable provisions under the Companies Act, 2013, the Equity Shares cannot be issued at discount from its face value. Hence, the fair value of Equity Shares is **Rs. 10/- (i.e. face value) per share** for issue of Equity Shares on preferential placement basis.

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,
Yours faithfully,

RV Kiran Kumar Patel
IBBI REGISTERED VALUER
Assets class: Securities or financial assets
RV Reg. no: IBBI/RV/03/2020/13542



NI HON CYLINDERS PRIVATE LIMITED

Share Valuation Report

CONTENTS

- I. TERMS OF REFERENCE
- II. STANDARD AND PREMISE OF VALUE
- III. BACKGROUND OF THE COMPANY
- IV. INFORMATION RELIED UPON BY US
- V. BACK GROUND OF INFORMATION OF ASSET BEING VALUED
- VI. VALUATION METHODOLOGY AND APPROACH
- VII. VALUATION
- VIII. VALUATION OF SHARES OF THE COMPANY
- IX. CAVEATS, LIMITATIONS AND DISCLAIMERS.



NI HON CYLINDERS PRIVATE LIMITED

Share Valuation Report

I. TERMS OF REFERENCE

NI HON CYLINDERS PRIVATE LIMITED ('NHCPL' or 'the Company') is a private limited company incorporated under the Companies Act 2013.

NHCPL is contemplating to issue Equity Shares on preferential placement basis to existing / other shareholders and other applicants pursuant to section 42, 62 and other applicable provisions of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debenture) Rules, 2014 made there-under. The Management of NHCPL has approached and appointed me in the capacity as Registered Valuer for valuation of shares of the Company for issue of Equity Shares on preferential placement basis vides your appointment and acceptance of our engagement letter dated 01.03.2022.

II. STANDARD AND PREMISE OF VALUE:

This report relies upon the use of fair market value as the standard of value. For the purpose of this appraisal, fair market value is as defined under Rule 11UA of Income Tax Rules, 1962 which is one of accepted pricing methodology for valuation under arm's length basis.

The analysis was performed under the premise of value in continued use as a going concern business enterprise. In our opinion this premise of value represents the highest and best use of the subject business assets.

III. BACKGROUND OF NI HON CYLINDERS PRIVATE LIMITED

NHCPL (CIN: U28100DL2018PTC342172) was incorporated on 26th November, 2018 as a private limited company under the Companies Act, 2013. The Company is yet to commence its business operations are in the process of implementation of the project. The Company is engaged in the business of manufacturing of gas cylinders, pneumatic valves & ORC cylinder, industrial gas cylinders, etc. The main object of the Company as per memorandum and articles of association is as under:

To carry on in India or elsewhere the business to manufacture, assemble, convert, commercialize, design, develop, display, establish, handle, let on hire, install, maintain, operate, produce, service, supervise, supply, import, export, buy, sell, turn to account and to act as agent, briker, concessionaires, consultant, collaborator, supplier, refiller, distributor, job worker or otherwise to deal in all shapes, sizes, varieties, capacities, specifications, descriptions, uses and modalities of gas cylinders in all its branches including cooking gas cylinders, pneumatic valves & ORC cylinder, industrial gas cylinders, hospital gas cylinders, defence gas cylinders, including welded low carbon steel dissolved acetylene gas cylinders; welded low carbon steel gas cylinders for low pressure liquefiable gases; welded low carbon steel gas cylinder for ammonia chlorine, methyle bromide and other similar gases; seamless manganese steel cylinders for permanent and high pressure liquifiable gases; seamless carbon dioxide cylinders for fire fighting purpose on ship board; Non refillable liquified petroleum gas containers, low carbon cylinders for storage and transportation of liquifiable gases there parts, fitting, accessories & components and to do all such incidental acts and things necessary for the attainment of above objects.



- 3.1 The authorized share capital of the Company as on the date of this report is Rs. 10,00,000/- divided into 1,00,000 Equity shares of Rs.10/- each.
- 3.2 The paid-up share capital of the Company is divided into Rs. 5,00,000/- divided into 50,000 equity shares of Rs.10/- each.
- 3.3 The Company has its registered office at HR-18A, First Floor, Gali No.-10, INDL. Area Anand Parbat, Near Indl Area, New Delhi, Central Delhi – 110005.

IV. INFORMATION RELIED UPON BY US

- 4.1 We have prepared our Valuation Report on the basis of the following documents / information provided to us by NHCPL:
- (a) Audited financial statements for period ended 31st March, 2021 and 31st March, 2020 and 31st March, 2019
 - (b) Memorandum and Articles of Association of the Company
 - (c) Discussions with and explanations given by the management / senior executives of the Company on various issues;
- 4.2 Our work does not constitute an audit or certification of the historical consolidated financial statements of the Company, including its working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.
- 4.3 This valuation report is issued on the understanding that the Company has drawn our attention to all the relevant matters, of which it was aware, concerning the company's financial position and business, which may have an impact on our Report.
- 4.4 The Company is incorporated on 26.11.2018. The statement of profit and loss of the Company for the year ended 31st March, 2021 is showing net loss of Rs. 13,286/-. Further, the audited financial statement for the year ended 31st March, 2020 is showing net loss of Rs. 15,550/-.

V. BACK GROUND INFORMATION OF ASSETS BEING VALUED

Equity Shares

Regulatory Advisory

The provisions of section 42 of the Companies Act, 2013 read with its rule made there-under of the Companies (Share Capital & Debentures) Rules, 2014 provides the manner for the issue of shares on Preferential Placement basis shall take place. As per the request made by the management, the value of shares is to be made as per the audited financial statements up to 31st March, 2021.



Determination of fair market value:

11UA. [(1)] For the purposes of section 56 of the Act, the fair market value of a property, other than immovable property, shall be determined in the following manner, namely,—

Notwithstanding anything contained in sub-clause (b) of clause (c) of sub-rule (1), the fair market value of unquoted equity shares for the purposes of sub-clause (i) of clause (a) of Explanation to clause (viib) of sub-section (2) of section 56 shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner under clause (a) or clause (b), at the option of the assesses, namely:—

(a) the fair market value of unquoted equity shares= $\{(A-L) / PE\} * (PE)$

where

A = book value of the assets in the balance-sheet as reduced by any amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act and any amount shown in the balance-sheet as asset including the un-amortized amount of deferred expenditure which does not represent the value of any asset

L= book value of liabilities shown in the balance-sheet, but not including the following amounts, namely:—

- (i) the paid-up capital in respect of equity shares;
- (ii) the amount set apart for payment of dividends on Equity 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) amount representing provision for taxation, other than amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund 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 Equity shares;

PE= total amount of paid up equity share capital as shown in the balance-sheet;

PV = the paid up value of such equity shares; or

(b) the fair market value as per the Discounted Free Cash Flow method.



VI. VALUATION METHODOLOGY AND APPROACH

There are three fundamental ways to measure the value of a business or professional practice.

- (a) Market approach
- (b) Cost approach
- (c) Income approach

Under each approach, a number of methods are available which can be used to determine the value of an equity share. Each business valuation method uses a specific procedure to calculate the business value.

Market approach

The following valuation methods are commonly used under the market approach:

- (a) Comparable Companies Multiple (CCM) Method and
- (b) Comparable Transaction Multiple (CTM) Method

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions).

Cost approach

This approach to valuation considers underlying business assets in order to estimate the value of the overall business enterprise. This approach relies upon the economic principle of substitution and seeks to estimate the cost of recreating a business of equal economic utility, i.e. business that can produce the same returns for its owners as the subject business.

Income approach:

This method rely upon a stream of income are known as discounting income. The Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.

VII. VALUATION

There are several methods for valuing the shares of a company, such as:

(a) Market Approach:

Multiple based valuation techniques: The three widely used multiples are Price Earning ratios (P/E), Price to Book value ratios (P/B) and Enterprise Value/Earnings Before Interest, Tax,



Depreciation & Amortization (EV/EBITDA). Since the Company is a closely held Private Limited Company, we have not considered the market approach having multiples as per market data and by discounting it on lack of marketability for closely held private companies to arrive at fair value of shares.

Market Price of Share Method: Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since NHCPL is not a **listed company and no comparable companies are available**, we have not considered this to calculate the fair value of the common stock of the Company.

(b) Net Assets Based Valuation Method

- (i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.
- (ii) The Asset Based Valuation Method is taken as one of the method of valuation considering the reason that the company is incorporated on 28.11.2018 and the company is yet to be operationalized. The value of equity shares for issue of shares has been arrived based on the assets shown in the books of accounts of the company. Since, the Company is yet operationalized, this method is suitable for determining the fair value.
- (iii) Further, even under the Asset Based Valuation method, it is necessary to value intangibles, such as goodwill, know-how, etc., which appeared in the balance sheet. The intangible is not shown in balance-sheet of the company. Hence, the valuation of intangible assets is not taken into consideration for valuation.
- (iv) In other words, the Asset Based Valuation would be a hybrid value of the asset-based method as a valuation. Hence, *we have adopted this method for valuing the shares of NHCPL.*

(c) Income Approach

Discounted Cash Flow Method(“DCF Method”):

This method values the equity on the basis of its future cash flows. However, under this method, instead of using the future maintainable profits after tax as the basis of valuation, the valuation is made by using the free cash flows and it has two components as follows:

- (i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, *say*, 5 years; and
- (ii) Terminal Value (value after the explicit forecast period).

This method is suitable for a company for industry in which the company operated depends heavily on future profitability and cash flows for prospective investors.

Since the financial projections and future *cash flows are not ascertainable to* and since there are no revenues in the financials of the Company and considering the nature of requirement of valuation report (i.e. issue of Equity Shares), we have not adopted this method.



Conclusion

Disclaimer

IVS 103 'Reporting' requires the Valuation report to disclose any significant uncertainty or limiting conditions that directly affect the valuation.

The exercise is carried in the mind of COVID-19 shock. Economists Hugo Erken, Raphie Hayat and Kan Ji view the COVID-19 shock as a black swan event –where the occurrence of the event might be unlikely but its impact is big (the Wire -14/03/2020). Our view is that the composition of growth in India across sectors might significantly change if the global containment of virus doesn't happen on expected lines. We are still in the dark on whether the virus can be contained effectively within a short period of time. It is unclear if that will only fully happen when vaccines become common, which could take more than a year to develop and be distributed. These times have been made even more interesting in respect of valuation as all markets are facing an uncertain future.

COVID-19 outbreaks persist, should restrictions on movement be extended or reintroduced, or should disruptions to economic activity be prolonged, the recession could be deeper. Businesses might find it hard to service debt, heightened risk aversion could lead to climbing borrowing costs, and bankruptcies and defaults could result in financial crises in many countries Under this downside scenario, global growth could shrink by almost 8% in 2020.

Considering the financials of business, size of transaction and industry trends, we computed the fair value per equity shares.

VIII VALUATION OF SHARES OF THE COMPANY:

For valuing the shares of **NI HON CYLINDERS PRIVATE LIMITED**, we have adopted NAV / Enterprise method for valuing the shares of the Company.

8.1 We have taken into account the audited balance-sheet as on 31.03.2021 as provided by the Company.

We have adopted Net Asset Value Method to derive the asset realizable value of enterprise and shares value of the Company.

8.2 Under the Net Asset Value method, we have calculated the Net asset value realizable to shareholders of the Company considering the Fixed Assets, Current Assets and Liabilities of the Company as on 31st March, 2021.

8.3. As informed by the management, the Company do not have any contingent liability, bad and doubtful debts, etc. which have an impact on calculating the Net Asset Value of the Company. The value calculated on the basis of Net Asset Value method is also considered as one of the value of shares of the Company.

8.4 The detailed calculation sheet for arriving at value of shares is referring to Annexure.

8.5 Please refer annexure below for the calculations of the fair market value per share of the Company.



IX. CAVEATS, LIMITATIONS AND DISCLAIMERS.

- 9.1 This Valuation Report is furnished solely for the use of **NI HON CYLINDERS PRIVATE LIMITED** for the valuation of Equity shares of **NI HON CYLINDERS PRIVATE LIMITED** for the purpose mentioned in “Terms of Reference”, and should not be used for any other purpose without our prior written consent.
- 9.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company.
- 9.3 The valuation of Companies and businesses 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 judgment. While we have provided its assessment of the value of the share based on information available and within the scope and constraints of engagement, others may place a different value on the same and actual value realized may differ significantly.
- 9.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that a particular level of income of profit will be achieved, that events will occur, or that a particular price will be offered or accepted.
- 9.5 I have acted in the capacity of Registered Valuer for providing valuation service and will receive a fee for our services.
- 9.6 In no circumstances however, will I or my associates or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on me or my associates or employees by any third party, the Company shall indemnify them.
- 9.7 We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- 9.8 The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the overall fair value of the assets of the Company, derived as an arithmetic average of the range of Fair Values. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- 9.9 The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 9.10 The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the



companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

- 9.11 The valuation report is prepared on the basis of the records / information available to us and there will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
- 9.12 The fair value of assets of the company has been performed on the audited standalone balance sheet of the Company and its subsidiaries as provided by management as of the valuation date.



Annexure (Net Asset Value Realizable)

Particulars	31st March, 2020	31st March 2021
Fixed Assets		
Tangible Assets	-	-
Intangible Assets	-	-
Capital Work in Progress	-	-
Other financial Asstes	-	-
L.T. Loan & Advances	-	-
Other Non-current Assets	-	-
Deferred Tax Assets	-	-
Total Non Current Assets	-	-
Current Assets		
Inventories	-	-
Trade Receivables	-	-
Cash & Cash equivalent	64,450.00	51,164.00
Short-term loan & advances	8,20,000.00	8,20,000.00
Other Current Assets	-	-
Total Current Assets	8,84,450.00	8,71,164.00
Total	8,84,450.00	8,71,164.00
Less External Liabilities	-	-
Non C- Liabilities		
Long Term Borrowing	4,00,000.00	4,00,000.00
Trade payables	-	-
Other Financial Liabilities	-	-
Deferred Tax Liabilities	-	-
Total Non C. Liabilities	4,00,000.00	4,00,000.00
Current Liabilities		
S.Term Borrowing	-	-
Trade payables	-	-
Other Current Liabilities	-	-
Short term provisions	-	-
Other Financial Liabilities	-	-
Total Current Liabilities	-	-
Total External Liabilities	4,00,000.00	4,00,000.00
Net Asset Realisable Value	4,84,450.00	4,71,164.00
NAV Method:		
No. of Equity Shares		50,000
Value of share		9.42

Hence based on the details provided to us the fair value of shares is **Rs. 9.42** per Shares.

