

**VALUATION  
OF  
EQUITY SHARES  
OF  
GANGA FORGING LIMITED  
(CIN: L28910GJ1988PLC011694)**

**Prepared by:  
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400 701, NAVI MUMBAI  
RV Registration No – IBBI/RV/03/2022/14974**



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**Date: 07<sup>th</sup> June, 2023**

To,  
**GANGA FORGING LIMITED**  
SR. NO. 55/1 P6/P1/P1, NEAR SHREE STAMPING  
AT: ROAD PIPALIYA TAL: GONDAL-360311

Dear Sir,

***Sub: Valuation Analysis of the Equity Shares of GANGA FORGING LIMITED***

I refer to our engagement letter dated June 06, 2023 for carrying out the valuation of Equity Shares of GANGA FORGING LIMITED (here-in-after referred as “Company” or “GFL”). In accordance with the terms of the engagement, I am enclosing my report along with this letter. In attached report, I have summarized my Valuation analysis of the Shares together with the description of methodologies used and limitation on my Scope of Work.

Based on my assessment and in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A r.w. Regulation 164(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), as amended from time to time, the Floor Price of the Equity Share of the Company having Face Value of Rupee 1.00 each has been arrived at **Rs.5.19 (Rupees Five and Nineteen paise only)**. In case you require any further assistance, please feel free to contact me.

This Valuation Analysis is confidential and has been prepared for you for providing the same to government or regulatory authorities and this report can be provided to potential investor of GFL for enabling compliance under various laws as detailed hereinafter in this report. It should not be used, reproduced or circulated to any other person, in whole or in part, without my prior consent. Such consent will only be given after full consideration of the circumstance at that time. I trust that above meets your requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Thanking you,

Yours faithfully,

.....  
**CS Barkha Deshmukh**  
Registered Valuer  
RV Reg. No. IBBI/RV/03/2022/14974



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## 1. BACKGROUND OF THE COMPANY:

### History:

GANGA FORGING LIMITED ("GFL") is Public Limited Company incorporated under the Companies Act, 1956 on December 29, 1988, having its Registered Office at SR. NO. 55/1 P6/P1/P1, NEAR SHREE STAMPING AT: ROAD PIPALIYA TAL: GONDAL -360311. The Company Identification Number (CIN) of the company is L28910GJ1988PLC011694. Equity Shares of GFL are listed on National Stock Exchange of India Limited (NSE).

### Main Object of the Company are:

1. To carry on the business of manufacturer, importers, exporters, dealers, merchants, and commission agents in all kind of forgings required for Engineering and Automotive Goods, articles, parts, spares and Accessories.

### Capital Structure of the Company;

Particulars	Amount (in Rs.)
<b>Authorised Equity Share Capital</b> 120000000 Equity shares of Rupee 1.00 each	12,00,00,000
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b> 105964410 Equity shares of Rupee 1.00 each	10,59,64,410

### Board of Directors

Sr. No	Name	DIN
1.	HIRALAL MAHIDAS TILVA	00022539
2.	RAKESH CHHAGANLAL PATEL	00510990
3.	JASUBHAI KHIMJIBHAI PATEL	01006449
4.	NAYANKUMAR KARSHANBHAI VIRPARIA	03297965
5.	SHEETAL SANJIVKUMAR CHANIARA	07528297
6.	PARULBEN RAKESHBHAI PATEL	07528313
7.	RAMESHBHAI GORDHANBHAI DHINGANI	07946841
8.	SAGAR RAMNIKLAL GOVANI	09185913

## 2. PURPOSE:

GFL intends to issue convertible warrants on preferential basis to meet its funding requirement. In this regard, GFL has engaged me to carry out valuation of Equity Shares of the Company as



per requirements of Sub-Regulation 1 of Regulation 166A r.w. Regulation 164(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, on the relevant date being June 7, 2023.

### 3. KEY DATES:

**Appointing Authority-** Audit Committee of board of directors of the GFL

**Appointment Date:** June 06, 2023

**Relevant Date:** June 7, 2023

**Report Date:** June 7, 2023

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

I am independent Registered Valuer as required under the Companies (Registered Valuer & Valuation) Rules, 2017 registered with Insolvency & Bankruptcy Board of India having registration no. IBBI/RV/03/2022/14974. No other Experts are involved in this valuation exercise.

### 5. PECUNIARY INTEREST DECLARATION

I do not have pecuniary interest in the Shares of GFL, past, present or prospective, and the opinion expressed is free of any bias in this regard. I strictly follow the code of conduct of the Registered Valuation Organization of IBBI.

### 6. SOURCES OF INFORMATION:

I have been provided the following information for the valuation analysis:

- MOA & AOA of GFL;
- Audited financials as on 31<sup>st</sup> March 2023
- Trading History Data of Equity Shares of GFL for last 90 trading days from relevant Date;
- Written Representations made by the Company in course of the valuation exercise;
- Data/Information of other comparable companies from NSE
- Other related information from various sources;

Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope.

Discussions (in person / over call) with the management to: Understand the business and fundamental factors that affect its earning- generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance. During the discussions with the management, I have also obtained explanations and information considered reasonably necessary for this exercise.



**7. FINANCIAL INFORMATION:**

Particulars	As on 31/03/2023 (in lacs)
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Share Capital	1059.64
Reserve and Surplus	273.78
<b>Non-Current Liability</b>	
Long Term Borrowing	430.51
Deferred Tax Liability (Net)	120.80
Other Long Term Liabilities	-
Long Term Provision	22.28
<b>Current Liabilities</b>	
Short Term Borrowing	999.23
Trade Payables	464.40
Other Current Liabilities	60.38
Short Term provisions	41.87
<b>TOTAL</b>	<b>3472.90</b>
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Fixed Assets	1555.31
Intangible assets	-
Tangible assets (Capital work in progress)	74.77
Non-current Investments	-
Loans and advances	-
Other non current financial assets	11.16
Other non-current assets	11.61
<b>Current Assets</b>	
Inventories	1117.77
Trade Receivables & Other receivables	571.10
Cash and Cash Equivalentents	18.00
Loans	2.74
Other current assets	110.43
<b>TOTAL</b>	<b>3472.90</b>



## 8. VALUATION STANDARDS

The Report has been prepared in compliance with the internationally accepted valuation standards.

## 9. VALUATION APPROACHES AND METHODS

For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

IVS 105 read with IVS 200 specifies that generally the following three approaches for valuation of business/business ownership interest are used:

- I. Cost Approach - Net Asset Value (NAV)
- II. Income Approach
- III. Market Approach.

### I. Cost Approach - Net Asset Value (NAV)

The value under Cost Approach is determined based on the underlying value of assets which would be on book value basis, replacement cost basis or on the basis of Realizable value. The Net Assets Method represents the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date. Net asset will be calculated starting from the total assets of the company and deducting there from all debts, borrowing and liabilities, including current and Likely contingent Liability and preference capital if any. In other words it should represent true net worth of business after providing for all outside present and potential liabilities. In the case of companies, the net assets value calculated from assets side of the balance sheet in the above manner will be crossed checked with equity share capital plus free reserve and surplus, less likely contingent liabilities.

I have considered the above approach as the said method derives the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date as detailed in *Annexure 1*.

### II. Income Approach- Discounted Cash Flows (DCF) method

Under Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. Free Cash Flow to Firm (FCFF) represents the cash flows available for distribution to both the owners and other creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital (WACC) is applied to free



cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balances and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.

I have not considered the above approach due to unavailability of future projections of GFL as I understand that projections of GFL would be price sensitive information, which was therefore not made available to me.

### **III. Market Approach:**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

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

- a) Market Price Method
- b) Comparable Companies Multiple (CCM) Method; and
- c) Comparable Transaction Multiple (CTM) Method;

#### **Market Price Method**

The Equity Shares of Company are listed on NSE for a period of more than 90 trading days as on the relevant date i.e. June 07, 2023 and the shares are frequently traded in accordance with SEBI ICDR Regulations.

In case of "frequently traded shares (Regulation 164(1) of the SEBI ICDR Regulations:

If the equity shares of the Company have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following;

- a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

Articles of Association of the Company do not provide for any particular method of determination which results in a floor price higher than that determined under SEBI ICDR Regulations.

The Company's Equity Share are listed only at one Nationwide Stock Exchange i.e. on National Stock Exchange of India Limited and accordingly, "NSE" is the Stock exchange on which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.

Accordingly, I have determined value of equity share of GFL as prescribed under the above regulations for market approach.

As per Regulation 166A of SEBI (ICDR) Regulations,





166A (1) Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

Provided further that the valuation report from the registered valuer shall be published on the website of the issuer and a reference of the same shall be made in the notice calling the general meeting of shareholders.

(2) Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee's meeting shall be disclosed in the notice calling the general meeting of shareholders.

Explanation.—The meeting of the independent directors referred in sub-regulation (2) shall be attended by all the independent directors on the board of the issuer.]

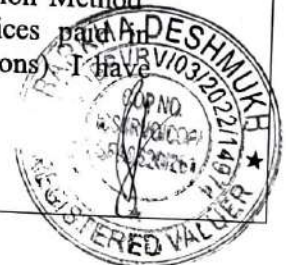
#### **Comparable Companies Multiple (CCM) Method**

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. Under this method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples needs to be chosen carefully and adjusted for differences between the circumstances. The CCM Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based in the principle that market valuations, taking place between informed buyers and sellers, incorporate all factors relevant to valuation.

I have not considered this method as it was difficult to find comparable companies in accordance with geographical location, capital structure, business structure etc. of the subject company and have considered the Market Price Method prescribed under SEBI (ICDR) Regulations.

#### **Comparable Transaction Multiple (CTM) Method**

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) - I have



therefore not considered CTM method for valuation due to non-availability of similar comparable transaction.

## 10. VALUATION ANALYSIS:

The value per equity share of GFL are based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the business of the Companies, having regard to information base, key underlying assumptions and limitations. I have independently applied methods discussed above, as considered appropriate, i.e. Market Price Method and Cost Approach method for determining value per share of GFL.

In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined herein above referred to earlier in this report for the proposed transaction, I recommend the fair value of equity shares of GFL at **INR 5.19 (Rupees Five and nineteen paise only) per equity share which is higher of value arrived in Annexure 1 and 2.**

In terms of first Proviso to the Sub-Regulation 1 of Regulation 166A r.w. Regulation 164 (1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and by using the Valuation Parameters, the following is the Valuation Analysis of Equity Shares of the Company.

No.	Valuation Parameters	Value per Equity Share (in Rupees)
1.	Net Asset Value Method	1.26
2.	Market Value Method	5.19

For, detailed working calculation of Value of Equity Share, please refer;  
Annexure 1 - For Net Asset Value Method  
Annexure 2 - For Market Price Method

For arriving at the value of per equity share of GFL and considering valuation inputs available for determining valuation under Market Price method and NAV method, I have applied weights to arrive at the value per equity share of GFL.

No.	Method	Value per equity share (in Rs.)(A)	Weights (B)	Weighted (C=A*B)
(a)	Net Asset Value Method	1.26	50%	0.63
(b)	Market Price Method	5.19	50%	2.59
TOTAL(D)			1	3.22
<b>Floor price (In Rupees) (Total of C/D)</b>				<b>3.22</b>

## 11. CONCLUSION:

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc.



which are not evident from the face of the documents available with me but which will strongly influence the worth of a Shares and Debentures.

In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, I conclude as under:

Sr. No.	Provisions	Minimum Floor Price (in Rupees)
A	Floor Price in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A of the SEBI ICDR Regulations	3.22
B	Floor Price in terms of the Sub-Regulation 1 of Regulation 164 of the SEBI ICDR Regulations	5.19

Accordingly, the Floor Price of the Equity Share of the Company having Face Value of Rupees 10.00 each in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A of the SEBI ICDR Regulations and in terms of the Regulation 164 (1) of the SEBI ICDR Regulations as at Relevant date is **Rs.5.19/- (Rupees Five and nineteen paise only)**.

Further, as per second proviso to Regulation 166A of SEBI (ICDR) Regulations, 2018, if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso. Accordingly, in this proposed preferential issue it is being informed by the management of the company that there is no change in control of the issuer and therefore there is no requirement for covering control premium over the price determined hereinabove.

## 12. CAVEATS, LIMITATIONS AND DISCLAIMERS:

My report is subject to the scope limitations detailed hereinafter.

As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

I have provided an assessment of the value based on the information available, application of certain formula and within the scope and constraints of our engagement, others may place a different value to the same. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

The company and its representatives warranted to me that the information supplied to me was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the



historical provided to me and, accordingly, I do not express any audit opinion or any other form of assurance on this information. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement.

My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.

My work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and it is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

I have no responsibility to update this report for events and circumstances occurring after the date of this report. My fees is not contingent to the results or output of this report. I will not be responsible to appear in front of Companies act, Income tax, RBI or any other regulatory authority in relation to the said valuation.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the GFL and my work and my finding shall not constitute a recommendation as to whether or not GFL should carry out the transaction. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents my opinion, based on information furnished to us by the client and other sources. Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

My report is meant for the purpose mentioned in point 2 of this report and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

I acknowledge that I am independent valuer and have no present or contemplated financial interest in the Company. My fees for this valuation is based upon my normal rates, and



not contingent upon the results or the value of the business or in any other manner. I have not been engaged by the Company in any unconnected transaction during last five years.

Neither me, nor any managers, employees of my firm makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

Thanking you,  
Yours faithfully,



.....  
CS Barkha Deshmukh  
Registered Valuer

RV Reg. No. IBBI/RV/03/2022/14974



Place: Navi Mumbai

Date: 07/06/2023

UDIN: A044265E000466931

**ANNEXURE-1**

***Valuation of Equity Shares of GFL under NAV Method:***

***Calculation of Net Assets Value of the Company as at March 31, 2023***

<b>Particulars</b>	<b>Amt in lacs</b>
Total Assets	3472.90
Total Liabilities	2139.47
Net worth	1333.43
No. of Equity Shares	105964410
<b>Book Value per share</b>	<b>1.26</b>



## ANNEXURE-2

**Valuation of Equity Shares of GFL under Market Price Method  
(Source: NSE)**

**Average of the volume weighted average price (VWAP) of the equity shares of GANGA FORGING LIMITED quoted on NSE during the 90 trading days preceding the relevant date (considering relevant date as 07/06/2023)**

No.	Date	VOLUME	VALUE
1	06-Jun-23	52,72,619	3,14,45,604.10
2	05-Jun-23	30,23,524	1,65,37,747.10
3	02-Jun-23	37,13,725	1,67,30,685.10
4	01-Jun-23	5,39,031	20,41,666.35
5	31-May-23	4,68,515	17,49,118.20
6	30-May-23	1,71,045	6,33,369.55
7	29-May-23	1,64,329	5,92,010.95
8	26-May-23	1,48,175	5,29,416.90
9	25-May-23	50,258	1,82,285.50
10	24-May-23	59,751	2,17,311.65
11	23-May-23	95,466	3,46,796.90
12	22-May-23	1,21,574	4,45,872.55
13	19-May-23	84,021	3,10,044.40
14	18-May-23	1,04,332	3,87,517.50
15	17-May-23	1,02,991	3,85,257.95
16	16-May-23	1,61,040	6,11,399.95
17	15-May-23	72,240	2,71,344.35
18	12-May-23	77,685	2,89,170.05
19	11-May-23	58,090	2,14,321.60
20	10-May-23	94,638	3,49,220.75
21	09-May-23	96,773	3,69,053.85
22	08-May-23	1,69,886	6,54,709.90
23	05-May-23	1,51,075	5,81,866.65
24	04-May-23	1,72,194	6,50,802.60
25	03-May-23	1,34,269	4,93,867.40
26	02-May-23	82,637	3,05,406.40
27	28-Apr-23	1,36,333	5,00,821.35
28	27-Apr-23	1,13,863	4,15,553.95
29	26-Apr-23	90,736	3,27,598.20
30	25-Apr-23	4,26,358	15,56,096.70
31	24-Apr-23	9,55,513	36,25,463.65
32	21-Apr-23	1,43,789	4,80,464.70
33	20-Apr-23	1,01,712	3,48,583.30
34	19-Apr-23	65,386	2,26,333.85
35	18-Apr-23	1,10,776	3,87,144.15
36	17-Apr-23	90,971	3,18,853.15
37	13-Apr-23	4,28,473	15,28,206.45
38	12-Apr-23	1,50,835	5,49,629.25
39	11-Apr-23	94,414	3,70,170.85
40	10-Apr-23	1,30,359	4,98,017.35
41	06-Apr-23	2,35,970	9,61,434.25
42	05-Apr-23	5,67,289	22,56,353.85
43	03-Apr-23	5,88,713	21,18,282.65
44	31-Mar-23	1,78,263	5,48,709.10
45	29-Mar-23	3,00,521	9,32,678.35
46	28-Mar-23	5,48,341	18,04,045.55
47	27-Mar-23	5,31,116	17,30,087.40
48	24-Mar-23	1,45,972	4,85,423.90
49	23-Mar-23	4,29,226	14,51,068.70
50	22-Mar-23	2,02,365	6,88,712.80
51	21-Mar-23	1,78,763	5,99,851.75
52	20-Mar-23	1,54,226	5,26,974.90
53	17-Mar-23	81,287	2,88,271.05
54	16-Mar-23	1,06,491	3,70,873.60
55	15-Mar-23	1,58,453	5,64,059.60
56	14-Mar-23	90,796	3,32,603.75
57	13-Mar-23	1,05,749	3,91,689.85
58	10-Mar-23	1,67,951	6,32,162.10
59	09-Mar-23	1,00,948	3,85,474.40
60	08-Mar-23	81,157	3,10,981.55
61	06-Mar-23	1,05,603	4,01,605.55
62	03-Mar-23	59,087	2,27,874.95
63	02-Mar-23	62,885	2,37,200.70
64	01-Mar-23	78,447	2,94,511.95
65	28-Feb-23	97,923	3,72,374.45
66	27-Feb-23	47,598	1,83,575.20
67	24-Feb-23	1,03,206	4,03,555.80
68	23-Feb-23	66,511	2,56,597.75
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70	21-Feb-23	1,05,558	4,17,195.25
71	20-Feb-23	1,34,994	5,37,013.00
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81	06-Feb-23	1,76,352	7,26,342.65	90	23-Jan-23	77,904	3,40,960.35
82	03-Feb-23	1,06,591	4,41,190.30	<b>TOTAL</b>		<b>2,70,50,559</b>	<b>12,07,41,871.80</b>
83	02-Feb-23	97,017	4,07,827.45	<b>Volume weighted average price (VWAP)</b>			<b>4.46</b>
84	01-Feb-23	1,93,943	8,34,142.20				
85	31-Jan-23	1,46,013	6,09,551.00				
86	30-Jan-23	1,26,210	5,25,832.50				

**Average of the volume weighted average price (VWAP) of the equity shares of GANGA FORGING LIMITED quoted on NSE during the 10 trading days preceding the relevant date (considering relevant date as 07/06/2023)**

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10	24-May-23	59,751	2,17,311.65
<b>TOTAL</b>		<b>1,36,10,972</b>	<b>7,06,59,215.40</b>
<b>Volume weighted average price (VWAP)</b>			<b>5.19</b>

A	Average of 90 trading days VWAP	4.46
B	Average of 10 trading days VWAP	5.19
C	Applicable Minimum Price (Higher of the A or B)	5.19





**CS BARKHA DESHMUKH**

**(IBBI Registered Valuer)**

**L-02, 806, MALKANS SOCIETY, JIJAMATA CHOWK, SECTOR-10, GHANSOLI-400 701, NAVI MUMBAI**

**RV Registration No – IBBI/RV/03/2022/14974**

**Email: csbarkha07@gmail.com**

**Mobile: 9737939659**

**Date: 21<sup>st</sup> June, 2023**

To,

**GANGA FORGING LIMITED**

**SR. NO. 55/1 P6/P1/P1, NEAR SHREE STAMPING**

**AT: ROAD PIPALIYA TAL: GONDAL-360311**

Dear Sir,

***Sub: Addendum to Valuation Report dated 07<sup>th</sup> June, 2023 issued for valuation analysis of the Equity Shares of GANGA FORGING LIMITED***

I refer to our engagement letter dated June 06, 2023 for carrying out the valuation of Equity Shares of GANGA FORGING LIMITED (here-in-after referred as “Company” or “GFL”) and my earlier valuation report dated 07<sup>th</sup> June, 2023 whereby I recommended **Rs.5.19 (Rupees Five and Nineteen paise only)** as the Floor Price of the Equity Share of the Company having Face Value of Rupee 1.00 each.

However, as per the query received from NSE, it is asked to use all the methods of valuation i.e. Income approach, Asset Approach and Market approach.

Thus, I hereby attach detailed price working under all the methods of valuation i.e. Income approach, Asset Approach and Market approach.

I further clarify that there is no change in pricing based on the revised price working as compared to the report dated 07<sup>th</sup> June, 2023.

Thanking you,

**Yours faithfully,**



.....  
**CS Barkha Deshmukh**

**Registered Valuer**

**RV Reg. No. IBBI/RV/03/2022/14974**



## 1. VALUATION APPROACHES AND METHODS

For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

IVS 105 read with IVS 200 specifies that generally the following three approaches for valuation of business/business ownership interest are used:

- I. Cost Approach - Net Asset Value (NAV)
- II. Market Approach
- III. Income Approach

### I. Cost Approach - Net Asset Value (NAV)

The value under Cost Approach is determined based on the underlying value of assets which would be on book value basis, replacement cost basis or on the basis of Realizable value. The Net Assets Method represents the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date. Net asset will be calculated starting from the total assets of the company and deducting there from all debts, borrowing and liabilities, including current and Likely contingent Liability and preference capital if any. In other words it should represent true net worth of business after providing for all outside present and potential liabilities. In the case of companies, the net assets value calculated from assets side of the balance sheet in the above manner will be crossed checked with equity share capital plus free reserve and surplus, less likely contingent liabilities.

I have considered the above approach as the said method derives the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date as detailed in *Annexure I*.

### II. Market Approach:

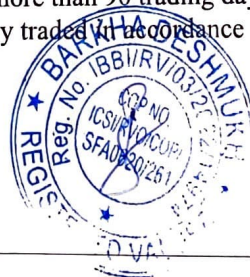
Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

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

- a) Market Price Method
- b) Comparable Companies Multiple (CCM) Method; and
- c) Comparable Transaction Multiple (CTM) Method;

#### Market Price Method

The Equity Shares of Company are listed on NSE for a period of more than 90 trading days as on the relevant date i.e. June 07, 2023 and the shares are frequently traded in accordance with SEBI ICDR Regulations.



In case of "frequently traded shares (Regulation 164(1) of the SEBI ICDR Regulations:  
If the equity shares of the Company have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following;

- a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

Articles of Association of the Company do not provide for any particular method of determination which results in a floor price higher than that determined under SEBI ICDR Regulations.

The Company's Equity Share are listed only at one Nationwide Stock Exchange i.e. on National Stock Exchange of India Limited and accordingly, "NSE" is the Stock exchange on which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.

Accordingly, I have determined value of equity share of GFL as prescribed under the above regulations for market approach.

As per Regulation 166A of SEBI (ICDR) Regulations,

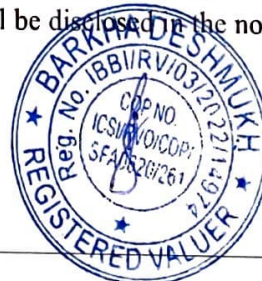
166A (1) Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

Provided further that the valuation report from the registered valuer shall be published on the website of the issuer and a reference of the same shall be made in the notice calling the general meeting of shareholders.

(2) Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee's meeting shall be disclosed in the notice calling the general meeting of shareholders.



Explanation.—The meeting of the independent directors referred in sub-regulation (2) shall be attended by all the independent directors on the board of the issuer.]

### **Comparable Companies Multiple (CCM) 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. Under this method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples needs to be chosen carefully and adjusted for differences between the circumstances. The CCM Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based in the principle that market valuations, taking place between informed buyers and sellers, incorporate all factors relevant to valuation.

I have not considered this method as it was difficult to find comparable companies in accordance with geographical location, capital structure, business structure etc. of the subject company and have considered the Market Price Method prescribed under SEBI (ICDR) Regulations.

### **Comparable Transaction Multiple (CTM) Method**

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). I have therefore not considered CTM method for valuation due to non-availability of similar comparable transaction.

### **III. Income Approach- Profit Earning Capacity Value Method**

The profit-earning capacity value will be calculated by capitalising the average of the after-tax profits at the following rates;

I. 15% in the case of manufacturing companies.

II. 20% in the case of trading companies.

III. 17.5% in the case of "intermediate companies", that is to say, companies whose turnover from trading activity is more than 40%, but less than 60% of their total turnover.

The crux of estimating the profit-earning capacity value lies in the assessment of the future maintainable earnings of the business. While the past trends in profits and profitability would serve as a guide, it should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is of greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must, therefore, be given due consideration.

The detailed price working under this method is marked as Annexure- "3"

## **2. VALUATION ANALYSIS:**

The value per equity share of GFL are based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the business of the Companies, having regard to information base, key underlying assumptions and limitations. I have independently applied methods



discussed above, as considered appropriate, i.e. Market Price Method, Profit Earning Capacity Value and Cost Approach method for determining value per share of GFL.

In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined herein above referred to earlier in this report for the proposed transaction, I recommend the fair value of equity shares of GFL at **INR 5.19 (Rupees Five and nineteen paise only) per equity share which is higher of value arrived in Annexure 1, 2 and 3.**

In terms of first Proviso to the Sub-Regulation 1 of Regulation 166A r.w. Regulation 164 (1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) and by using the Valuation Parameters, the following is the Valuation Analysis of Equity Shares of the Company.

No.	Valuation Parameters	Value per Equity Share (in Rupees)
1.	Net Asset Value Method	1.26
2.	Market Value Method	5.19
3.	Profit Earning Capacity Value Method	0.72

For, detailed working calculation of Value of Equity Share, please refer;

Annexure 1 - For Net Asset Value Method

Annexure 2 - For Market Price Method

Annexure 3 - For Profit Earning Capacity Value

For arriving at the value of per equity share of GFL and considering valuation inputs available for determining valuation under Market Price method, Profit earning Capacity Value and NAV method, I have applied equal weights to arrive at the value per equity share of GFL.

No.	Method	Valuer per equity share (in Rs.)(A)	Weights (B)	Weighted (C=A*B)
(a)	Net Asset Value Method	1.26	33.33%	0.42
(b)	Market Price Method	5.19	33.33%	1.73
(c)	Profit Earning Capacity Value Method	0.72	33.34%	0.24
TOTAL(D)			1	2.39
<b>Floor price (In Rupees) (Total of C/D)</b>				<b>2.39</b>

### 3. CONCLUSION:

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the documents available with me but which will strongly influence the worth of a Shares and Debentures.



In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, I conclude as under:

Sr. No.	Provisions	Minimum Floor Price (in Rupees)
A	Floor Price in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A of the SEBI ICDR Regulations	2.39
B	Floor Price in terms of the Sub-Regulation 1 of Regulation 164 of the SEBI ICDR Regulations	5.19

Accordingly, the Floor Price of the Equity Share of the Company having Face Value of Rupee 1.00 each in terms of first Proviso to the Sub-Regulation 1 of Regulation 166A of the SEBI ICDR Regulations and in terms of the Regulation 164 (1) of the SEBI ICDR Regulations as at Relevant date is **Rs.5.19/- (Rupees Five and nineteen paise only)**.

Further, as per second proviso to Regulation 166A of SEBI (ICDR) Regulations, 2018, if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso. Accordingly, in this proposed preferential issue it is being informed by the management of the company that there is no change in control of the issuer and therefore there is no requirement for covering control premium over the price determined hereinabove.

Thanking you,  
Yours faithfully,



.....  
**CS Barkha Deshmukh**  
**Registered Valuer**  
**RV Reg. No. IBBI/RV/03/2022/14974**



**Place: Navi Mumbai**  
**Date: 21/06/2023**

ANNEXURE-1

*Valuation of Equity Shares of GFL under NAV Method:*

*Calculation of Net Assets Value of the Company as at March 31, 2023*

Particulars	Amt in lacs
Total Assets	3472.90
Total Liabilities	2139.47
Net worth	1333.43
No. of Equity Shares	105964410
<b>Book Value per share</b>	<b>1.26</b>



## ANNEXURE-2

**Valuation of Equity Shares of GFL under Market Price Method  
(Source: NSE)**

**Average of the volume weighted average price (VWAP) of the equity shares of GANGA FORGING LIMITED quoted on NSE during the 90 trading days preceding the relevant date (considering relevant date as 07/06/2023)**

No.	Date	VOLUME	VALUE
1	06-Jun-23	52,72,619	3,14,45,604.10
2	05-Jun-23	30,23,524	1,65,37,747.10
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9	25-May-23	50,258	1,82,285.50
10	24-May-23	59,751	2,17,311.65
11	23-May-23	95,466	3,46,796.90
12	22-May-23	1,21,574	4,45,872.55
13	19-May-23	84,021	3,10,044.40
14	18-May-23	1,04,332	3,87,517.50
15	17-May-23	1,02,991	3,85,257.95
16	16-May-23	1,61,040	6,11,399.95
17	15-May-23	72,240	2,71,344.35
18	12-May-23	77,685	2,89,170.05
19	11-May-23	58,090	2,14,321.60
20	10-May-23	94,638	3,49,220.75
21	09-May-23	96,773	3,69,053.85
22	08-May-23	1,69,886	6,54,709.90
23	05-May-23	1,51,075	5,81,866.65
24	04-May-23	1,72,194	6,50,802.60
25	03-May-23	1,34,269	4,93,867.40
26	02-May-23	82,637	3,05,406.40
27	28-Apr-23	1,36,333	5,00,821.35
28	27-Apr-23	1,13,863	4,15,553.95
29	26-Apr-23	90,736	3,27,598.20
30	25-Apr-23	4,26,358	15,56,096.70
31	24-Apr-23	9,55,513	36,25,463.65
32	21-Apr-23	1,43,789	4,80,464.70
33	20-Apr-23	1,01,712	3,48,583.30
34	19-Apr-23	65,386	2,26,333.85
35	18-Apr-23	1,10,776	3,87,144.15
36	17-Apr-23	90,971	3,18,853.15
37	13-Apr-23	4,28,473	15,28,206.45
38	12-Apr-23	1,50,835	5,49,629.25
39	11-Apr-23	94,414	3,70,170.85
40	10-Apr-23	1,30,359	4,98,017.35
41	06-Apr-23	2,35,970	9,61,434.25
42	05-Apr-23	5,67,289	22,56,353.85
43	03-Apr-23	5,88,713	21,18,282.65
44	31-Mar-23	1,78,263	5,48,709.10
45	29-Mar-23	3,00,521	9,32,678.35
46	28-Mar-23	5,48,341	18,04,045.55
47	27-Mar-23	5,31,116	17,30,087.40
48	24-Mar-23	1,45,972	4,85,423.90
49	23-Mar-23	4,29,226	14,51,068.70
50	22-Mar-23	2,02,365	6,88,712.80
51	21-Mar-23	1,78,763	5,99,851.75
52	20-Mar-23	1,54,226	5,26,974.90
53	17-Mar-23	81,287	2,88,271.05
54	16-Mar-23	1,06,491	3,70,873.60
55	15-Mar-23	1,58,453	5,64,059.60
56	14-Mar-23	90,796	3,32,603.75
57	13-Mar-23	1,05,749	3,91,689.85
58	10-Mar-23	1,67,951	6,32,162.10
59	09-Mar-23	1,00,948	3,85,474.40
60	08-Mar-23	81,157	3,10,981.55
61	06-Mar-23	1,05,603	4,01,605.55
62	03-Mar-23	59,087	2,27,874.95
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<b>Volume weighted average price (VWAP)</b>			<b>5.19</b>

A	Average of 90 trading days VWAP	4.46
B	Average of 10 trading days VWAP	5.19
C	<b>Applicable Minimum Price (Higher of the A or B)</b>	<b>5.19</b>



### ANNEXURE-3

#### *Valuation of Equity Shares of GFL under PECV Method:*

For the year ended on:	Weight	PAT (in lacs)	Details
31-03-2023	0.5	165.71	82.855
31-03-2022	0.25	103.44	25.86
31-03-2021	0.25	25.33	6.3325
Average Profit after Tax (in lacs)			115
No. of equity shares			105964410
Average EPS			0.11
Capitalisation rate of industry @*			15
PECV based Equity Value per Share			0.72

\*Capitalization rate taken at 15% as the company is engaged mainly into manufacturing activities. Source: <http://www.corporatevaluations.in/doc/pdf/CCI%20Guidelines.pdf>

