

REPORT ON
Fair value of Equity Shares of
ASHNISHA INDUSTRIES LIMITED

Prepared by
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(IBBI/RV/03/2019/12123)

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Disclaimer Clause: Utmost care has been taken while preparing this document to ensure that the facts stated are accurate and the opinions given are fair and reasonable, neither Mr. Keyur J. Shah, Registered Valuer nor any Officer or Employee of the Registered Valuer shall in any way be responsible for the contents.



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1. DISCLAIMER

This report is prepared by **Mr. Keyur J. Shah**, a Registered Valuer, having registration no. IBBI/RV/03/2019/12123 with the Insolvency and Bankruptcy Board of India, (hereinafter referred to as "**Valuer**") for the purpose of determining fair market valuation of equity shares for the purpose of issuance of Equity Shares on preferential basis by **Ashnisha Industries Limited** (herein after referred to as "the Company").

It is hereby declared that the Valuer acts as an independent professional for the said Valuation exercise. The Valuer is not interested or concerned, financially or otherwise, in Ashnisha Industries Limited or any of its group companies.

The report is prepared on the basis of accounting records, statutory information, documents, papers and explanations given by the officers and management of the Company, as detailed under the clause 9 "**Sources of Information**" of the report.

This report shall not be used as a base for any purpose, other than that mentioned under the clause 2 "**Purpose of Valuation**" of this report.

While utmost care has been taken in preparing this report to ensure that the facts stated are accurate and reasonable, neither the Valuer nor any officer or employee of the Valuer shall in anyway be responsible for the contents therein.

2. CONTEXT AND PURPOSE**ASHNISHA INDUSTRIES LIMITED (AIL)**

Ashnisha Industries Limited is a listed company incorporated on 27th July, 2009 under the Companies Act, 1956/2013 having CIN: L74110GJ2009PLC057629. The Company has its registered office situated 7th Floor, Ashoka Chambers, Opp. HCG Hospital Mithakhali Six Roads, Mithakhali Ahmedabad - 380006, Gujarat, India.

The Company is primarily engaged in the business of trading of Steel and Steel alloys.

2.1 PURPOSE & DATE OF VALUATION

Management of the Company is desirous to determine the fair value of equity shares as on 04th July, 2022 of the Company for proposed further issue to selected group of the investors of the Company as per Regulation 166A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Under the relevant regulations of the Companies Act, 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and allied rules, the Board of Directors of the Company appointed the Valuer through Board Resolution dated 29th June, 2022 and Engagement Letter dated 25th July, 2022 for deriving fair value of equity share of the Company.



We have been informed by the management that the Company has obtained valuation report from RV A. N. Gawade (Reg. No. IBBI/RV/05/2019/10746) for deriving fair value of the equity shares of the Company in accordance with Regulation 164 of the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 ("ICDR Regulations"). The regulator has further asked the Company to obtain valuation of the equity shares as per Reg. 166A of the ICDR, 2018.

The valuation is purely indicative and it is the prerogative of the Company to rely on the fair value of the equity shares and decide upon the same. The fair value may be higher or lower than our indicative analysis of value depending upon the circumstances and the industry practice. The final value is something that the management will have to decide upon.

The valuation has been carried out for the date of valuation ("Relevant Date") of 04th July, 2022.

3. CONFIDENTIALITY NOTE

The information contained in this document is privileged and confidential. It is intended only for the use of the addressee named above and for the purpose mentioned under clause 2 "**Purpose of Valuation**" of this report.

Intended party for use of report is the appointing authority and those to whom the report is addressed. The report shall not be disclosed or shared to any third party, without prior written consent of the Valuer, except as required by law. Any retention, dissemination, distribution or copying or sharing of any information from this document is strictly prohibited.

4. SHARE HOLDING PATTERN

Shareholding pattern of the Company as on 30th June, 2022 is as following:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares
Promoter & Promoter Group	06	1,08,39,110	1,08,39,110	35.91
Public	7,530	1,93,48,530	1,93,48,530	64.09
Grand Total	7,536	3,01,87,640	3,01,87,640	100%

5. VALUATION METHODOLOGIES

Aspect	Income Approach	Market Approach	Cost / Asset (NAV) Approach
Valuation Principle Applied	Discounts future cash flows to the present date - NOT CONSIDERED	Values of companies Operating in the same industry are correlated	Book Values or Realizable Values of Assets after considering balance



Aspect	Income Approach	Market Approach	Cost / Asset (NAV) Approach
			sheet – NOT CONSIDERED
Relevant Parameters	Discounted Cash Flows (DCF)	Comparable Listed Companies/ Comparable Transactions/ Market Price Method	Replacement Cost Net Asset Value Realizable Value
Appropriate situations to which the method may be applied	DCF is commonly used to value businesses or equity interests. It is appropriate for use when the wealth generating capacity of the business is determinable, going concern assumption is valid and when forecasts are available.	Market Approach is used when forecasts are not available; a set of suitable comparable companies' available and going concern assumption is valid. It is also used as a cross-check / benchmark to DCF method.	The Cost Approach is used when going concern assumption is doubtful and liquidation is predominant or if the Company is newly incorporated.

To carry out a valuation analysis, we consider certain fundamental factors that affect the wealth-generating capability of the company. These include:

- The general economic outlook as well as the current and expected conditions in the business environment and the industry's relationship with the economy.
- The competitive environment prevailing within related industry.
- The relative competitive advantages of the business in terms of service capability, management capabilities and the quality of the clients of the entity.
- The historical financial and operational performance of the business, etc. Accordingly, a typical valuation analysis involves review and analysis of historical financials of the company and forecasted financial projections and regards all the significant macro and micro variables like:
- Sales and profit growth rate assumptions.
- Company's profitability factors (industry competitive factors and Company's operating strategies and its competitive position in the industry), nature of internal and external (dis)economies of scale.
- Accounting practices and legal provisions, etc.

Valuation is not merely a matter of mathematics or science with that kind of precision or rationality. It also involves use of skills of judgment by the Valuer to bring impact of various non-quantifiable factors to bear on the valuation analysis. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment considering all the relevant factors.



There will always be several factors, e.g., quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but will strongly influence the worth of a share.

We have considered and adopted the International Valuation Standards (IVS) published by The International Valuation Standards Council (IVSC), which is the independent global standard setter for the valuation profession.

6. ASSET (NAV) APPROACH

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset value is generally used at the time of selling off or merger of the entity or at the time of merger/amalgamation since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern. In present case, the company is listed and frequently traded and the purpose of i. To augment long term resources of the Company for current and future expansion, ii. Funding Working capital requirements, and; iii. Funding expenditure for General corporate purposes. Hence the Net Asset value approach has not been adopted not being fit for the present purpose of valuation in deriving the fair value of the shares.

7. MARKET VALUE AS PER MARKET APPROACH

The IVS 30 provides for Market Value as one of the important Bases of Value while conducting valuation. As per the Standard "30.1. Market Value is the estimated amount for which an asset or liability should exchange on the valuation date ("Relevant Date") between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Moreover, as per IVS 10.7. Valuers should maximise the use of relevant observable market information in all three approaches. Regardless of the source of the inputs and assumptions used in a valuation, a valuer must perform appropriate analysis to evaluate those inputs and assumptions and their appropriateness for the valuation purpose.

In the present case, due to Company being a listed company and in accordance with SEBI ICDR Regulations, we have used the Market Price Approach Method for valuing its shares. Closing price of the Equity share of the Company as on the Valuation date i.e., 04th July, 2022 on the stock exchange has been used to arrive at the fair value per equity share.

Accordingly, we have considered **Rs. 1.48** as the fair market value as per directly observable market information for our valuation exercise.



8. COMPARABLE TRANSACTIONS APPROACH

The basic premise of the relative valuation method (comparable approach) is that equity's value should bear some resemblance to other equities in a similar class. For a stock, this can simply be determined by comparing a firm to its key competitors, or at least those competitors that operate with similar business model. Market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation.

The list of comparable peers taken into consideration for the valuation is produced below:

Name	P/E Multiple	P/B Multiple
Ejecta Marketing Ltd	-12.81	0.08
Ushdev International Ltd.	-0.42	-0.02
Anik Industries Ltd.	7.90	0.29
Aseem Global Ltd.	-0.23	1.14
Adarsh Mercantile Ltd	-15.89	0.33
Bijoy Hans Ltd.	-42.50	1.68
Contil India Ltd.	22.80	2.10
Average Multiple	(5.88)	0.80
<i>Source: Computed based on published data on BSE</i>		

8.1. P/E MULTIPLE

The Price Earnings Ratio (P/E Ratio) is the relationship between a company's stock price and earnings per share (EPS). It is a popular ratio that gives investors a better sense of the value of the company. The P/E ratio shows the expectations of the market and is the price you must pay per unit of current earnings (or future earnings, as the case may be). Taking into consideration the average multiple derived above, the fair value per share is **Rs. 0.24**.

8.2. P/B MULTIPLE

The Market to Book Ratio (also called the Price to Book Ratio), is a financial valuation metric used to evaluate a company's current market value relative to its book value. The market value is the current stock price of all outstanding shares (i.e., the price that the market believes the company is worth). The book value is the amount that would be left if the company liquidated all of its assets and repaid all of its liabilities.

The book value equals the net assets of the company and comes from the balance sheet. In other words, the ratio is used to compare a business's net assets that are available in relation to the sales price of its stock. Taking into consideration the average multiple derived above, the fair value per share is **Rs. 3.15**.



Fair value per equity share using P/E Multiple: -

Sr. No.	Particulars	Unit	Value
1	Average P/E Multiple	Number	(5.88)
2	Earnings Per Share	INR per share	(0.04)
3	Value using P/E Multiple	INR per share	0.24
Fair value per equity share using P/E Multiple		INR per share	0.24

Fair value per equity share using P/B Multiple: -

Sr. No.	Particulars	Unit	Value
1	Average P/B Multiple	Number	0.80
2	Book Value Per Share	INR per share	3.94
3	Value using P/B Multiple	INR per share	3.15
Fair value per equity share using P/B Multiple		INR per share	3.15

WEIGHTED AVERAGE OF FAIR VALUE AS P/E MULTIPLE AND P/B MULTIPLE: -

Particulars	Value per share	Weightage	Product
Fair value per equity share using P/E Multiple	0.24	60%	0.14
Fair value per equity share using P/B Multiple	3.15	40%	1.26
Weighted Average Value per share			1.40
Round off			1.40

Calculation of Price as per Regulation 166A of SEBI (ICDR) Regulations, 2018		
[A]	Market Value per share i.e., Closing Price as on 04 th July, 2022	1.48
[B]	Weighted Average Value per share as per P/E Multiple and P/B Multiple	1.40

The price computed above is in consonance with Regulation 166A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 vide Notification No. SEBI/LAD-NRO/GN/2022/63 Dated 14th January, 2022 which mandates that preferential issue of equity shares which may result in a change in control or allotment of more than 5% shall conform to the pricing provisions of preferential issue specified under Regulation 164 of the ICDR Regulations.



CALCULATION OF PRICE AS PER REGULATION 164 OF SEBI (ICDR) REGULATIONS, 2018

The volume of equity shares is frequently traded on BSE in terms of Regulation 164(5) of ICDR Regulation. Therefore, we have considered the share prices quoted on BSE for determining the floor price of the Company. The value per share of the Company as per Regulation 164(1) of the SEBI ICDR Regulations, is Rs. 1.58 (One Rupee and Fifty-Eight Paise Only) as below:

Valuation under Regulation 164(1)		
Sr. No.	Parameters	Value (in INR)
1	The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date;	1.49
2	The 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.	1.58
	Market price as per Regulation 164(1) of ICDR - Higher of the above	1.58

The detailed workings under the Regulation 164(1) are mentioned in **Annexure- A**.

Recommended Fair Value

As per the ICDR, 2018, the Valuer is supposed to compare the values derived under Reg. 166A and Reg. 164. The higher value amongst the approaches adopted may be considered as the fair value for the purpose of preferential allotment.

Table comparing the fair values derived as produced hereunder for reference:

COMPARISON OF PRICES DERIVED AS PER REGULATION 166A AND REGULATION 164 OF SEBI (ICDR) REGULATIONS, 2018		
[A]	Market Value per share i.e., Closing Price as on 04 th July, 2022	1.48
[B]	Weighted Average Value per share as per P/E Multiple and P/B Multiple	1.40
[C]	Market price as per Regulation 164(1) of ICDR	1.58
	Highest Value	1.58

As per the above comparison, it is evident that the price derived under Regulation 164(1) is the highest value, i.e., Rs. 1.58 (One Rupee Fifty- Eight Paise Only) per equity share, which is recommended as the fair value for the proposed preferential allotment of equity shares by the management.



Notes:

1. The Articles of Association of the Company does not provide for a method of valuation which results in a floor price higher than that determined under ICDR Regulations, 2018.
2. The Company has done a face value split from Rs. 10 to Rs. 1 per Equity share on June 23, 2022. The said adjustments have been suitably factored in the above calculations.

9. SOURCES OF INFORMATION

The following sources of information are utilized and relied upon to undertake the valuation:

- a) Audited financial statements of the Company for the year 2021-22;
- b) Shareholding pattern of the company as on valuation date;
- c) Notice of Annual General Meeting proposed to be held on 03rd August, 2022
- d) Stock split records from the BSE as on 23rd June, 2022;
- e) Comparables based on data published on the website of BSE Limited;
- f) Corporate & Managerial Information of the Company;
- g) Charter Documents of the Company (i.e., MOA, AOA);

In addition to the above, we have also obtained such other information and explanations in writing or orally from the Management as considered relevant for the purpose of this valuation.

It may be noted that an opportunity to review factual information in this report has been provided to the Management of the Company as a part of standard practice to ensure that factual inaccuracies/omissions/etc. are avoided.

10. EXCLUSIONS AND LIMITATION**10.1 Distribution of Valuation Report**

Our report is subject to scope limitations detailed hereinafter. As such, the report is to be read in totality and not in parts, in conjunction with relevant documents referred to herein. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third -party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report.

This report is confidential being for use of person to whom it is issued. It is not to be used other than for the purpose outlined herein above. It is not to be distributed for any other purpose or to any other purpose without our consent. It does not form part of any offer or invitation to any section of public to subscribe for or purchase equity shares or assets or liabilities of the Company or lend money to the Company with or without security or lend money against the security of equity shares of the Company.



10.2 Accuracy of Information

We have not independently verified the underlying data, projections and assumptions in preparation of this financial information. We have used and relied solely on the data, material and other information furnished and made available by the Company.

Our work did not constitute an audit, due diligence or validation of financial statements of the Company. Our work did not constitute independent valuation of any assets or liabilities of the Company.

10.3 Reliance on the representations of the clients, their management and other third parties

Our conclusion of fair value assumes that the title to assets and liabilities of the Company as reflected in balance sheet is intact.

The client and its management warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Company, their management and the third parties concerning the financial data and operational data.

No responsibility is assumed for information furnished by the Company and such information is believed to be reliable.

We have not conducted visit to locations of production and/ or point of sales of the Company. The robustness of the analysis is highly dependent on reasonableness, commercial viability and achievability of assumptions underlying the forecast. We are not required to and have not validated the reasonableness and commercial viability underlying the forecasts and assumptions.

10.4 Compliance with the relevant laws

The report assumes that the company complies with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies 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 reflected in the balance sheet provided to us.

10.5 Post Valuation Date Events

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 ("Relevant Date") i.e., 04th July, 2022



10.6 Information from reliable sources

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data. Opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources or reproduced in its proper form and context.

10.7 Multiple factors affecting the Valuation Report

The valuation report is tempered by the exercise of judicious discretion by the RV taking into account the relevant factors. 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.

10.8 It is to be noted that valuation is not a precise science and the responsibility for any decision would remain with the decision maker.

10.9 This valuation report at best is only an 'opinion'. It is neither a recommendation nor advice to the parties to the Transaction to conclude Transaction as contemplated in this report. The parties to the Transaction may do so at their risk and responsibility after undertaking necessary due diligence and evaluation.

10.10 No responsibility is accepted towards any shareholder, employees, tax authorities or other third parties in respect of, or arising out of or in connection with our valuation.

10.11 Prior to issuance of this Valuation Report, the contents and factual accuracies of this Report was reviewed and approved by the management of the Company.

10.12 Our liability if any shall be restricted to fees received by us for this assignment.

10.13 We assume no responsibility to update report based on changes in projections and/or their achievement in future.

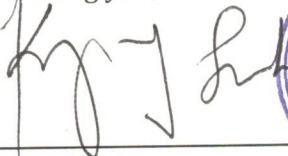


11. RECOMMENDATIONS

We have adopted Market price approach and Comparables approach in our valuation analysis to determine the fair value of equity shares of your company. In this regard, please refer to the section titled "Valuation Methodologies" for a discussion on some of the possible methods that could be used for valuation purpose.

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined above in this report, in our opinion and to the best of our information and according to the explanations given to us by management, the fair value of Equity Shares of Ashnisha Industries Limited is **Rs. 1.58 (One Rupee Fifty- Eight Paise Only)** per equity share (face value of Rs. 1/- each) as on 04th July, 2022.

Thanking you,



Keyur J. Shah

Registered Valuer

(Regn. No.: IBBI/RV/03/2019/12123)

Date: 29th July, 2022

Place: Ahmedabad

Annexure-A

A. The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date

Date	Adjusted No. of Shares	Total Turnover (Rs.)
27-Jun-22	5840	9052
20-Jun-22	142790	225608
13-Jun-22	5300	8798
06-Jun-22	26400	46068
30-May-22	2000	3670
23-May-22	55000	106150
25-Apr-22	20000	40600
18-Apr-22	111210	216303
13-Apr-22	38000	70490
12-Apr-22	52790	93438
11-Apr-22	112180	189584
08-Apr-22	94900	152022
07-Apr-22	51470	79036
06-Apr-22	16920	26595
05-Apr-22	38520	61689
04-Apr-22	34750	53068
01-Apr-22	31920	47971
31-Mar-22	88340	130487
30-Mar-22	1090	1528
29-Mar-22	5060	6504
28-Mar-22	35370	47097
25-Mar-22	62120	84380
24-Mar-22	34890	43235
23-Mar-22	3850	4808
22-Mar-22	4150	5319
21-Mar-22	16480	20983
17-Mar-22	21590	26066
16-Mar-22	5180	5888
15-Mar-22	120	139
14-Mar-22	12080	13401
11-Mar-22	10	11
10-Mar-22	7000	8357
09-Mar-22	4780	5353
08-Mar-22	3170	3717
07-Mar-22	8730	10781
04-Mar-22	4610	5319
03-Mar-22	10260	12076



02-Mar-22	28280	33574
28-Feb-22	24900	30511
25-Feb-22	35620	38409
24-Feb-22	61440	74012
23-Feb-22	11060	13178
22-Feb-22	167760	192313
21-Feb-22	33970	39368
18-Feb-22	4800	5475
17-Feb-22	24240	28996
16-Feb-22	1680	2015
15-Feb-22	10380	13947
Total	1573000	2337389
90 trading days volume weighted average price		1.49

B. The 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date

Date	Adjusted No. of Shares	Total Turnover (Rs.)
27-Jun-22	5840	9052
20-Jun-22	142790	225608
Total	148630	234660
10 trading days volume weighted average price		1.58

