

IBBI Registration No: **IBBI/RV/05/2019/11705**

**Valuation Report**  
**Of**  
**POWER AND INSTRUMENTATION (GUJARAT) LIMITED**  
**CIN: L32201GJ1983PLC006456**

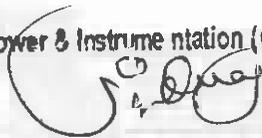
**Prepared by:**  
**SUBODH KUMAR**  
**(IBBI REGISTERED VALUER)**  
**Registration No: IBBI/RV/05/2019/11705**

**Report Date: 20<sup>th</sup> July, 2022**

**210, 2nd floor Wadhwa Complex,  
Street No-10, Laxmi Nagar,  
New Delhi-110092**

**M: +91 9354214767, E-Mail: [rvkumarsubodh@gmail.com](mailto:rvkumarsubodh@gmail.com)**

**For, Power & Instrumentation (Guj.) Ltd.,**



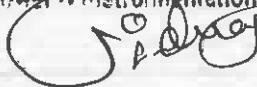
**Director**



**Table of Contents**

<b>Purpose</b>
<b>About the Valuer</b>
<b>Background/Information of the Company</b>
<b>Shareholding Pattern of the Company</b>
<b>Appointing Authority</b>
<b>Disclosure of Valuer's Interest</b>
<b>Source of Information</b>
<b>Approach Considered in Value Analysis</b>
<b>Selection of Valuation Methodology</b>
<b>Valuation &amp; Conclusion</b>
<b>Limitations &amp; Disclaimers</b>

For, Power & Instrumentation Guj.) Ltd



Director



**Date: 20<sup>th</sup> July, 2022**

To,  
**The Board of Directors  
Power & Instrumentation (Gujarat) Limited  
B-1104 Sankalp Iconic, Opp. Vikram Nagar, Iscon Temple Cross Road, S. G. Highway,  
Ahmedabad - 380054, Gujarat**

Dear Sir/Madam,

**Subject: Valuation of Equity Shares of Power & Instrumentation (Gujarat) Limited**

**I. Purpose:**

We have been engaged by Power & Instrumentation (Gujarat) Limited having Registered office at B-1104 Sankalp Iconic, Opp. Vikram Nagar, Iscon Temple Cross Road, S. G. Highway, Ahmedabad - 380054, Gujarat for the purpose of valuation of equity shares of Power & Instrumentation (Gujarat) Limited ("**PIGL**" / "**Company**").

PIGL is evaluating the fair market value of equity shares to evaluate its Equity shares for the purpose of proposed reduction of share capital.

Accordingly, as per the request received from the company, we are valuing the Equity Shares of the Company.

The information contained herein and our report is confidential. It is intended only for the sole use for PIGL, and only in connection with the purpose mentioned above. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the purpose as aforesaid, can be done only with our prior permission in writing.

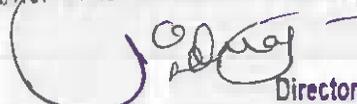
**II. About the Valuer:**

Mr. Subodh Kumar is an Independent valuer and he is registered with Insolvency and Bankruptcy Board of India ("**IBBI**") with Registration No.: **IBBI/RV/05/2019/11705** for the purpose of carrying out the said valuation of equity shares.

**III. Background/Information about PIGL**

The Company was originally incorporated as 'Power & Instrumentation (Gujarat) Private Limited' on September 12, 1983 under the Companies Act 1956 with a Certificate of Incorporation issued by Registrar of Companies, Gujarat. The Company was subsequently converted into a public company and consequently name was changed from 'Power & Instrumentation (Gujarat) Private Limited' to 'Power & Instrumentation (Gujarat) Limited' vide a fresh certificate of incorporation dated July 05, 2004 issued by the Registrar of Companies, Ahmedabad, Gujarat.

For, Power & Instrumentation (Guj.) Ltd

  
Director



The registered office of the Company is situated at B-1104 Sankalp Iconic, Opp. Vikram Nagar, Iscon Temple Cross Road, S. G. Highway, Ahmedabad - 380054, Gujarat.

The corporate identity number of the Company is L32201GJ1983PLC006456.

The shares of the Company are currently listed on SME (EMERGE) of the NSE.

The Company is, inter alia, engaged in the business of Electrical equipment, General Purpose and Special purpose Machinery & equipment, Transport equipment.

The share capital and holding structure of the Company, on a fully diluted basis, as on 30<sup>th</sup> June, 2022 is as under:

Particulars	Amount in INR
Issued, subscribed and paid up Capital 83,93,900 Equity Share of INR 10 each fully paid-up	83,93,90,000

#### IV. Shareholding Pattern of PIGL

##### Shareholding pattern as on 30<sup>th</sup> June, 2022.

Particulars	% of Holding
Promoter & Promoter Group	58.39
Other than Promoter & Promoter Group	41.60
<b>Total</b>	<b>100.00</b>

#### V. Appointing Authority:

We were assigned with this project of valuation of the Equity shares of the Company by the Audit Committee of Board (ACB) of the Board of Directors of the Company.

#### VI. Disclosure of Valuer's Interest / Conflict:

The Valuer is not related to the PIGL or its promoters or its Directors or their relatives. The valuer does not have any interest or conflict of interest with respect to the valuation under consideration.

#### VII. Sources of Information:

We were provided with the following information by PIGL for the valuation purpose as aforesaid:

- Draft scheme for Reduction of Share Capital.
- Brief background of the business of the Company.
- Audited Financial Statements of last 3 years.
- Information available in the Public Domain;
- Latest Shareholding Pattern on 30<sup>th</sup> June, 2022
- Market prices available on NSE Website.

Following is the brief of the Scheme:

For. Power & Instrumentation (Guj.) Ltd



*[Handwritten Signature]*

This Scheme provides for undertaking capital reduction of POWER AND INSTRUMENTATION (GUJARAT) LIMITED (hereinafter referred as "PIGL or "the Company"), whereby the paid-up share capital of the PIGL shall be reduced from Rs.8,58,39,000/- divided into 85,83,900 equity shares of Rs.10/- each fully paid-up to Rs.8,39,39,000/- divided into 83,93,900 equity shares of Rs.10/-each fully paid-up and that such selective reduction be effected by reducing the paid-up share capital of the Company by Rs.19,00,000/-, divided into 1,90,000 equity shares of Rs.10/- each, and payment shall be utilized and paid out of the balance in the Securities Premium Account of the Company as on 31.03.2021, to the shareholders whose equity shares were not permitted for listing and trading by National Stock Exchanges (NSE EMERGE), as detailed in the Scheme hereinafter.

The Company had made allotment of 38,50,000 Warrants on 04/05/2021 and 2,00,000/- Warrants on 05/05/2021 at price of Rs.16.52/- per warrant convertible into 41,50,000 equity shares of Rs.10/- each in terms of Regulation Companies Act, 2013, Listing regulations of NSE and Securities and Exchange Board of India ( issue of capital and disclosure requirements) Regulations, 2018 as amended ( SEBI (ICDR) Regulations), the SEBI ( Substantial Acquisition of Shares and takeover) regulations 2011.

The Company had made allotment of 15,40,000 equity shares on 04/05/2021 at price of Rs.16.52/- per share (including premium of Rs.6.52/- per share) on preferential basis to the selected group of persons to whom the offer was made. However, out of the total 15,40,000 shares allotted the Company has received listing and trading approval of 13,50,000 equity shares only from NSE. NSE has not granted listing and trading approval of total 1,90,000 equity shares (for 1,50,000 and 40,000 equity shares allotted to Mr. Prajal Bhandari and Ms. Nandini Agarwal respectively) owing to certain non-fulfilment of certain conditions specified in the Regulation 167(6) of the SEBI (ICDR).

Therefore, the Scheme provides for the reduction of equity share capital of POWER AND INSTRUMENTATION (GUJARAT) LIMITED pursuant to section 66 read with section 52 and other relevant provisions of the Companies Act, 2013.

#### VIII. Approach Considered in our Value Analysis:

##### General Principle for Valuation

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

**Broadly there are three approaches of Valuations which are as follows:**

- a) "Net Asset Approach"
- b) "Profit Earning Capacity Value"- PECV approach
- c) "Market" Approach

For. Power & Instrumentation (Guj.) Ltd



Director



## INSUMMARY:

The application of any method of valuation depends on the purpose for which the valuation exercise is performed; relevance of each method under the circumstances of the case and other factors as determined appropriate. The brief methodology in each of the three approaches as mentioned above is as mentioned hereunder:

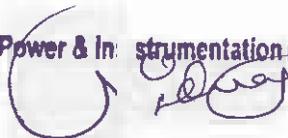
- **Net Asset Approach:** This method takes into account the value of the assets of the business or the net worth as represented in the financial statements of the Company. For the purposes of arriving at net asset value per share, the net worth so arrived at shall be divided by the number of equity shares issued and paid-up.
- **Profit Earning Capacity Value (PECV) Approach:** This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.
- **Market Approach:** The market approach is a method of determining the value of shares based on the quoted price in the respective stock exchange where the shares have been listed.

## Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the Equity Shares of the Company. The Company's Equity shares are presently listed on NSE and are frequently traded at NSE.

Further, since the Company proposed to reduce the Share Capital by payment to share holder against such reduction, PIGL requires Valuation of its Equity shares. The best reasonable judgment of the value will be referred to as average of Net Asset Approach (Book Value), PECV approach and Market Approach considering all factor of Valuation methodologies:

Book Value as on 31 <sup>st</sup> March, 2022- <i>as per Annexure-I.</i>	Rs. 42.88
Profit Earning Capacity Value (PECV) per Share- <i>as per Annexure-I.</i>	Rs. 41.62
Market Price as calculated- <i>as per Annexure-I.</i>	Rs. 46.20
<b>Average (Fair Market Value of a Equity Share)</b>	<b>Rs. 43.57</b>



### Valuation & Conclusion:

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors.

**The Fair Market Value per equity share of PIGL as per above methodology is INR 43.57/- (Indian Rupees Forty Three and Fifty Seven Paise).**

### Limitations & Disclaimers:

- Our 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.
- Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- 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.
- Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report 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.
- In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us 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. Our conclusions are based on the assumptions, forecasts and other information given by the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

For, Power & Instrumentation (Guj.) Ltd



Director

- A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the Equity shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 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.
- The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with PIGL and our work and our finding shall not constitute a recommendation as to whether or not the PIGL/ Company should carry out the transaction.
- Our report is meant for the purpose as mentioned and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- Neither Valuer, nor its partners/directors, managers, employees make 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.



**SUBODH KUMAR**  
**(Registered Valuer)**  
**IBBI Regn- IBBI/RV/05/2019/11705**

**Date: 20<sup>th</sup> July, 2022**  
**Place: Delhi**

**For, Power & Instrumentation (Guj.) Ltd**

**Director**

**1. Net Asset Approach**

Particulars	Amt in INR Lakhs**
Equity Shares Capital as on 31 <sup>st</sup> March, 2022	858.39
Reserve and Surplus as on 31 <sup>st</sup> March, 2022	2,740.69
Net worth as on 31 <sup>st</sup> March, 2022	3,599.08
Book Value per Share (Rs.)	42.88

\*\* Rounded off upto two decimal places.

**2. Profit Earning Capacity Value (PECV) Approach:**

This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.

Years	Profit After Tax (Rs.)	Weights	Product
FY 2001-2002	166.14	1	1,66.14
FY 2002-2003	143.30	1	143.30
FY 2019-2020	300.21	1	300.21
		6	2,096.29
<b>Average</b>	<b>Product/Weights</b>		<b>349.38</b>
<b>Capitalisation Rate = 10.00%*</b>			
	Capitalised Value (Rs.)		3,493.82
	Number of Shares as on 31 <sup>st</sup> March, 2022		83,93,900
	<b>Value per share</b>		<b>41.62</b>

\* We have considered a Capitalisation rate of 10.00% on assumption basis.

**3. Market Approach:**

The Company's Equity shares are presently listed and trading on NSE. Therefore, we have considered the closing market price of the Company as on 20<sup>th</sup> July, 2022 i.e. Rs. 46.20 per equity share.



**SUBODH KUMAR**  
(Registered Valuer)  
IBBI Regn- IBBI/RV/05/2019/11705

Date: 20<sup>th</sup> July, 2022  
Place: Mumbai

For Power & Instrumentation (I) Ltd.



Director