

VALUATION REPORT ON EQUITY SHARES OF RANJEET MECHATRONICS LIMITED



CA Pankaj Goenka

Registered Valuer - Securities or Financial Assets Class

ICAIRVO M. No: ICAIRVO/06/RV-P00077/2020-21

IBBI Registration No : IBBI/RV/06/2020/13336

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To,

The Board of Directors,

RANJEET MECHATRONICS LTD.

Block A, Office No: 407, Dev Aurum,

Anand Nagar Char Rasta, Prahlad Nagar Road,

Ahmedabad - 380015

Dear Sir / Madam,

Sub: Valuation of Equity Shares for Preferential Allotment.

In accordance with your requirements, confirmed in our engagement letter dated 21.11.2022 we have prepared this valuation report with respect to the shares of RANJEET MECHATRONICS LIMITED ("RML" or "the Company") A Company Registered under The Companies Act, 1956 and having Registered Office at Block A, Office No: 407, Dev Aurum, Anand Nagar Char Rasta, Prahlad Nagar Road, Ahmedabad - 380015. The Corporate Identification Number (CIN) of the Company is L31100GJ1993PLC019635. We have carried a valuation exercise to arrive at a fair value of the equity shares of RML with regards to the transaction related to issue of equity shares for consideration of cash on preferential basis and otherwise than in cash.

The purpose of the engagement is to provide a fair valuation of the equity shares of the Company as per the Regulations 164 and 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time and also in terms of the provisions of Section 42, Section 62(1)(C) and all other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with rules made there under including Companies (Prospectus and Allotment Securities) Rules, 2014, as amended from time to time, preferential Basis of the Companies (Share Capital and Debentures) Rules, 2014 and such other rules as amended from time to time.

This report is addressed to and intended for the information of the Board of Directors of the Company only for the purpose stated above. As expressly provided for in our



This report is addressed to and intended for the information of the Board of Directors of the Company only for the purpose stated above. As expressly provided for in our engagement letter, it is not to be referred to or quoted, either in whole or in part, or in any other context without our prior written consent. Notwithstanding anything contained in the limitations set out herein in this valuation report may be used for regulatory filings to be undertaken by the company or its Shareholders in India in relation to the proposed transaction.

This report is based on the information made available to us on or before 24.11.2022 and we accept no responsibility to update it for events that take place after the date of issue of information. I, CA Pankaj Goenka, Registered Valuer hereby certify that I have arrived at the "Independent Fair Value" ("Valuation" or "Value") of the Company as on 30th September, 2022. Based on our assessment, the Independent Value of the shares of the company should be Rs. 19.62/- per share.

Yours faithfully,



CA Pankaj Goenka

Registered Valuer

Registration No: IBBI/RV/06/2020/13336



1. INTRODUCTION

This Report is prepared for **RANJEET MECHATRONICS LIMITED** on the basis of latest limited review report unaudited financial data as on 30.09.2022, reports, documents, papers, information and explanations given by the Company. We have relied on information provided to us by the company and do not take any responsibility for its correctness, accuracy and its adequacy. It is clearly informed that Company is primarily responsible for correctness, accuracy, and adequacy of the information contained herein.

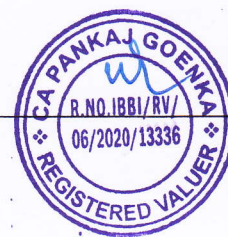
This report is to facilitate Company to arrive at the Fair Value of Equity Shares as on 30.09.2022 for the purpose of issue of equity shares of the Company as per the Regulations 164 and 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time and also in terms of the provisions of Section 42, Section 62(1)(C) and all other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with rules made there under including Companies (Prospectus and Allotment Securities) Rules, 2014, as amended from time to time, preferential Basis of the Companies (Share Capital and Debentures) Rules, 2014 and such other rules as amended from time to time.

The use of this report shall be limited to the purpose intended in the report only and shall not be utilized for any other purpose.

This report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.

Key Dates:

Date of appointment of Registered Valuer	21.11.2022
Date of Valuation Report	29.11.2022
Valuation Date	30.09.2022
Relevant Date	24.11.2022
Validity of Valuation Report	The use of this report shall be limited to the purpose intended and for one time use and



	shall not be utilized for any other purpose. Report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.
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2. OBJECTIVE OF THE VALUATION OF EQUITY SHARES AND INTENDED USERS

The objective of the valuation of equity shares of Company is to arrive at the fair value of Equity Shares as on 30.09.2022 for the purpose of issue of equity shares of the Company also in terms of the provisions of Section 42, Section 62(1)(C) and all other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with rules made there under including Companies (Prospectus and Allotment Securities) Rules, 2014, as amended from time to time, Preferential Basis of the Companies (Share Capital and Debentures) Rules, 2014 and such other rules as amended from time to time. As the Company is listed on SME platform of BSE, the fair value of equity shares to be arrived at is in accordance with Regulation 165 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended from time to time. The regulations says about the pricing of infrequently traded shares as below:

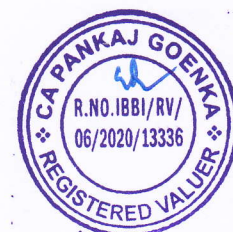
Pricing of infrequently traded shares

"165. Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent registered valuer to the stock exchange where the equity shares of the issuer are listed."

Definition of Frequently Traded Shares as per Regulation 164 (5) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018

"Frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer."



The shares of the Company are infrequently traded as per the above mentioned guidelines of the SEBI. The last trade was done on 16.06.2022 for 6000 shares and in last 240 trading days preceding the relevant date only 18,000 shares have been traded as per the Stock Exchange data and hence we have considered the book value method as prescribed in Regulation 165 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended from time to time.

Registered Valuer engagement is limited to preparing the report to be submitted to the management. Registered Valuer shall not be liable to provide any evidence for any matters stated in the report nor shall be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.

This Report has been issued on the specific request of the management for the Value of the Company as at 30.09.2022 for preferential issue of Shares and should not be used for any other purposes. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without our prior written consent.

In the event, the Company or management of the Company or representation of the Company intend the use of this report beyond the purpose mentioned herein above, with or without our consent, Registered Valuer will not accept any responsibility to any other party to whom our report may be shown or who may acquire copy of the report issued by Registered Valuer.



3. SOURCE OF INFORMATION

Registered Valuer has relied on the information/data/documents/reports etc. made available to us by Company for the preparation of this report, as briefed hereunder:

1. Brief history, present activities, business profile etc. of Company.
2. Memorandum & Articles of Association
3. Limited review report unaudited financials as on 30.09.2022
4. Audited financials and Annual Report of the Company for the Financial Year 2021-22
5. Information available in public domain and databases
6. Registered Valuer has also relied upon written and verbal explanations and information given by the management of the company during the course of valuation exercise.



4. SCOPE OF WORK, LIMITATION AND DISCLOSURE OF INTEREST / CONFLICT

Scope of Work

- Registered Valuer has been appointed by the Company to issue a report on the fair valuation of equity shares of the Company. We understand that the purpose of the said report is to determine the fair value of equity shares of the company, as on 30.09.2022.
- Registered Valuer to value the Company as per Valuation Rules under the Companies Act, 2013 and the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended from time to time.
- The Report on recommendation of fair value of equity shares is in accordance with ICAI Valuation Standards. Premise of the valuation is Going Concern and Basis of the valuation is Fair Value.

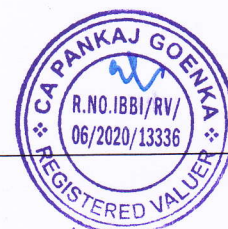
Caveats, Limitations & Disclaimers

The Report issued by Registered Valuer is specifically and only for the purpose of issue of equity shares of the Company in accordance with the provisions of Section 42, Section 62(1)(C) and all other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with rules made there under including Companies (Prospectus and Allotment Securities) Rules, 2014, as amended from time to time, preferential Basis of the Companies (Share Capital and Debentures) Rules, 2014 and such other rules as amended from time to time and SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended from time to time.

The report shall not be used for any purpose other than mentioned above.

The report is subject to certain caveats, limitations & disclaimers detailed hereinafter:

1. The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



2. No investigation of the company's claim to title of assets has been made for the purpose of this valuation and their claim to such right has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
3. Registered Valuer work does not constitute certification of the financial statements including the working results of the company referred to in this report. Accordingly, Registered Valuer is not liable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
4. This Report is based on the relevant information & explanations provided to us. Registered Valuer have relied on information provided and do not take any responsibility for its correctness, accuracy and its adequacy. It is clearly informed that the Company is primarily responsible for correctness, accuracy, and adequacy of the information contained herein. Neither the Registered Valuer nor any of its employees or associates undertake responsibility in any way whatsoever to any person in respect of any errors, if any, in this report.
5. The valuation conclusions arrived is by their nature, subjective and dependent on the exercise of individual perception. There can therefore be no standard formula to establish an indisputable value, although certain formulae are helpful in ascertaining reasonableness. Registered Valuer valuation analysis should not be construed as Investment Advice and specifically, Registered Valuer do not express any opinion on the suitability or otherwise of objective for which the valuation report is being issued.
6. Valuation analysis and result are specific to the date of this report. A valuation of this nature involves consideration of various factors including those



impacted by prevailing market trends in general and industry trends in particular. As such, valuation results are, to a significant extent, subject to continuance of current trends beyond the date of the report. Registered Valuer, however, has no obligation to update this report for events, trends or transactions relating to the company or the market/economy in general and occurring subsequent to the date of this report.

7. This report is issued on the understanding that the Company has drawn Registered Valuer's attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair value of shares of the Companies. Registered Valuer has no responsibility to update this report for events and circumstances occurring after the date of this report.
8. In the course of the valuation, Registered Valuer was provided with financial data, information and explanation which Registered Valuer has considered through broad inquiry and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement therefore all the data, information furnished by the management of the Company believed to be reliable and true. Registered Valuer assumes no responsibility for any errors in the above information furnished to Registered Valuer and consequential impact on the present exercise.
9. The report is not, nor should it be construed as our opining or certifying the compliance of the proposed objective for which report is being issued, with the provisions of any applicable laws or as regards any legal implications or issues arising from such proposed transaction.
10. Registered Valuer provides no assurance that the issue of shares can be completed successfully at or close to our recommended valuation within a



particular timeframe. Our valuation only aims to represent the likely price that is the fair price for issue of shares.

11. Our engagement is limited to preparing the report to be submitted to the management. "Registered valuer" shall not be liable to provide any evidence for any matters stated in the report nor shall be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.
12. The Report and the information contained therein are confidential. Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than as mentioned in the objective, can be done only with our prior permission in writing.
13. Registered Valuer have provided a draft copy of this report to the Company management, who have confirmed to the best of their knowledge and belief that the factual information contained within this report is correct and that there are no material omissions. Registered Value reserves the right to alter own conclusions should any information that Registered Valuer himself not aware of at the time of preparing this report comes to own knowledge that has a material impact on the conclusion herein.

DISCLOSURE OF INTEREST / CONFLICT

1. Registered Valuer neither has any present or any prospective contemplated financial interest in nor any personal interest with respect to the Promoters & Board of Directors of the Company, or have no bias/prejudice with respect to



any matter that is the subject of the valuation report or to the parties involved with this engagement.

2. The professional fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner.
3. Registered Valuer have not provided any services to the company within a 3 year period immediately preceding acceptance of this engagement, as an appraiser or in any other capacity.



5. ABOUT THE COMPANY

RANJEET MECHATRONICS LIMITED is a public limited company incorporated on 10th June, 1993. It is classified as Non-govt Company and is registered at Registrar of Companies, Ahmedabad. Its registered office is situated at Block A, Office No: 407, Dev Aurum, Anand Nagar Char Rasta, Prahlad Nagar Road, Ahmedabad - 380015.

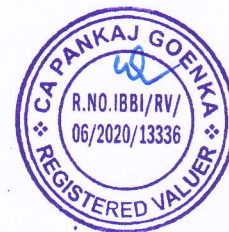
RANJEET MECHATRONICS LTD. is a Merger / Amalgamation of Ranjeet Electric Pvt. Ltd., Himgiri Solutions Pvt. Ltd. & Destiny Zone Security Systems Pvt. Ltd.

Ranjeet Electric Pvt. Ltd. established in 1993 was an Authorised Dealer / Distributor for KIRLOSKAR OIL ENGINES, KIRLOSKAR BROTHERS AND KIRLOSKAR ELECTRIC CO. LTD. which was providing complete solutions for fluid Transfer. **Himgiri Solutions Pvt. Ltd.** established in 2012, for Fire protection, Security and Safety System Designing and Execution. **Destiny Zone Security Systems Pvt. Ltd.** established in 2013, implementing and executing, designing and solution provider for pipe fabrication / jointing and executing fire protection, detection and plumbing projects.

RANJEET MECHATRONICS LTD. is India's fastest growing System Integrator And Turnkey Project Contractor for Fire Protection and Detection Systems, Electronic Security & Automation Solution Provider Company With Pan India Presence.

Services Offered by the Company

- Turnkey Projects
- Design Engineering
- Supply
- Installation
- Testing & Commissioning
- Annual Maintenance Contract



PROMOTERS & MANAGEMENT TEAM:

The Company is led by a strong and highly experienced management team, supported by a team of professionals with a strong technical and marketing capabilities supplemented by core industrial experience in each of its product lines which drives the Company to a steep growth chart.

The present Board of Directors / KMPs of the company comprises of the following individuals:

Sr.	DIN / PAN	Name	Designation	Date of Appointment
1.	00356657	Mr. Rakesh Vallabhbai Swadia	Chairman & Managing Director	04.04.1994
2.	00356722	Mrs. Nitaben Rakeshbhai Swadia	Non-Executive Director	15.05.1999
3.	00356752	Mr. Devarshibhai Rakeshbhai Swadia	Whole Time Director	01.12.2003
4.	08177662	Mr. Kunal Sudhirbhai Shah	Non-Executive Independent Director	12.07.2018
5.	08837036	Mr. Bhavinkumar Omprakash Kachhchhava	Non-Executive Independent Director	29.08.2020
6.	ARZPD4827G	Mr. Ujval Dutta	Chief Financial Officer	28.05.2018
7.	GGYPS0903J	Ms. Ankita Shyamlal Shah	Company Secretary	21.07.2022



Present Capital Structure:

Particulars	No. of Shares	Face Value of Share (Rs.)	Total Nominal Value of Shares (Rs.)
Authorized Equity Share Capital	67,00,000	10/-	6,70,00,000/-
Issued, Subscribed and Paid-up Equity Share Capital	65,99,980	10/-	6,59,99,800/-



6. VALUATION OF EQUITY SHARES OF COMPANY

I. Valuation Approach:

There are different methods for valuation which can be applied for arriving at the fair value of the equity shares of the company. However, the application of methods depends upon various factors which directly or indirectly may affect such valuation. Some of such factors are as under:

1. Objective for which the valuation is carried out including the regulatory requirements as to the approach and methods of valuation.
2. Industry segment where the Company is operating.
3. Nature of the business and the history from its inception.
4. Future projections as to business operations and financials of the Company.

Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can, therefore, be no standard formula to establish an indisputable value, although certain formulas are helpful in assessing reasonableness.

Based on the given objective of this valuation and considering various factors, we have applied the following methodology for arriving at the fair value of Equity Shares of the Company.



II. Valuation Method:

As per the Regulation 165 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time describes the valuation methodology as below:

“Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies.”

There are three general approaches available to the valuation professional: (a) the income approach, (b) the market approach and (c) the asset approach. The choice of which approach to use in a particular situation depends upon the facts and circumstances associated with the company, as well as, the purpose for which the valuation analysis is being conducted.

Valuation Approach & Methodology:

Approach	Methodology
Income Approach	Discounted Cash Flow Method (DCF)
Market Approach	Market Value
Asset Approach	Net Asset Value (NAV or Book Value)
Comparable Trading Multiples Approach	Peer Companies multiples such EV/EBITDA, EV/Sales, PE Multiples

Income Approach:

This method converts the anticipated benefits into a present single amount. It is one of the general ways to determine the fair value indication of a business, project, or ownership interest.

The method uses the future free cash flows of the company (anticipated benefits) discounted by the firm's weighted average cost of capital (the



average cost of all the capital used in the business, including debt and equity) or cost of equity (in case of equity). The weighted average cost of capital is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. It can also be anticipated as the rate of return that would be required by providers of capital of the company to compensate them for the time value of money, as well as the risk inherent in the particular investment. The projected cash flows reveal growth expectations, while allowing for a great deal of flexibility in projecting such growth rates.

We have not considered the DCF method as the management has not provided us the financial projections.

Market Approach:

In accordance with regulation 164 (5) of the SEBI ICDR Regulations 2018, the shares of the company are infrequently traded. Accordingly, we have not considered this method for valuation.

Comparable Trading Multiples Approach:

In this method, generally the valuer compares the company with other listed peers from the same industry and business. The valuation methodology includes comparing the following multiples:

- EV / EBITDA multiple
- EV / Sales multiple
- PE multiple

As per the business and industry we understand, there is only one listed company available named **Nitin Fire Protection Industries Ltd.** which is a loss making company and no shares have been traded on BSE since February 2022 and hence the comparison of above multiples is not possible for the Registered Valuer to value the equity share of the Company. As there are no other listed peers available and hence this method cannot be applied.



Asset Approach:

The Cost approach focuses on the net worth or net assets of a company. In the Net Assets Value (NAV) Method, widely used under the Cost approach, the assets and liabilities are considered as stated at their book values. The net assets, after reducing the dues to the preference shareholders if any, represent the value of the company to the equity shareholders. In other words book value means total net worth of the company divided by the outstanding number of equity shares.

We have considered this method for valuation of equity share of the Company. We have taken into account the limited review report unaudited financials for the half year ended on 30.09.2022 filed by the Company with the BSE. The calculation for the same is as under:

Particulars	Amt. in Rs.
Issued, Subscribed and Paid-up Equity Share Capital (A)	6,59,99,800/-
Reserves & Surplus (B)	6,34,95,432/-
Net Worth (C = A + B)	12,94,95,232/-
No. of outstanding Equity Shares (D)	65,99,980/-
Net Asset Value Per Share or Book Value Per Share (E = C / D)	19.62/-



7. VALUATION CONCLUSION

Based on the valuation methodology applied hereinabove, we have arrived the Fair Value of Equity Shares of the Company as on 30.09.2022 at Rs. 19.62/- per equity share.

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Registered Valuer: CA Pankaj Goenka
IBBI Reg. No: IBBI/RV/06/2020/13336
UDIN:22110986BELXQQ1669



Date: 29.11.2022
Place: Ahmedabad