

Mr. Jayesh Parasmal Shah
Registered Valuer
Registration number
IBBI/RV/07/2020/13066

B2-402, Kutchi Sarvoday
Nagar, Chembur West,
Mumbai -400 043
India

Dated: 27 October 2021

To

The Board of Directors, Shree Renuka Sugars Limited 7th Floor, Devchand House, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, Maharashtra, India.	The Board of Directors, Gokak Sugars Limited 263, Kolavi, Gokak - 591344 Karnataka, India
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Sub: Recommendation of the fair equity share exchange ratio for the proposed amalgamation of Gokak Sugars Limited into Shree Renuka Sugars Limited.

Dear Madam / Sir,

This is with reference to my dated 27 October 2021 ("Report"). Please find enclosed relevant computations based on which our recommendation of the fair equity share swap ratio for the proposed amalgamation of Gokak Sugars Limited into Shree Renuka Sugars Limited.

In this connection, I have mention that the computations enclosed herewith need to be viewed in conjunction with the Report and the documents referred to in the Report.

The recommendation of the fair equity share swap ratio for the proposed amalgamation is arrived on the approach and methodology detailed in the Report and various qualitative factors relevant to each specific company having regard to the information, management representations, key underlying assumptions and limitations as referred in the Report.

Respectfully submitted,

Jayesh Parasmal Shah

Registered Valuer

Jayesh P. Shah

IBBI Registration Number: IBBI/RV/07/2020/13066

Date: 27 September 2021

Place: Mumbai



ANNEXURE 1: SUMMARY OF VALUATION APPROACHES & METHODOLOGIES

Valuation Approach	SRSL	GSL
Asset Approach - Net Asset Value Method ¹	No	No
Market Approach – Market Price Method ²	Yes	No
Market Approach – Comparable Companies Multiple Method ³	No	Yes
Income Approach – Discounted Cash Flow Method ⁴	No	No

NA = Not Applicable

Valuer’s Note:

1. In the current analysis, the Proposed Amalgamation of the Companies is proposed with on the assumption that the Companies would merge as going concerns (subject to the implantation of the composite scheme of amalgamation) and on actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power is of greater importance to the basis of amalgamation. Hence, the Cost approach is not adopted in the current case as this methodology doesn’t capture the future growth potential of the business of the Companies.
2. Under the Market Approach, as equity shares of SRSL are listed on recognized stock exchange and are frequently traded, I have considered the market price method. The market price method is not considered for GSL as its equity shares are not listed on any stock exchange.
3. Considering the reasonable set of comparable companies to GSL, I have considered comparable companies multiples method to arrive at the relative fair value of the equity shares of GSL for the purpose of arriving at the Fair Equity Share Exchange Ratio.
4. Since, SRSL is a listed entity and GSL is a subsidiary of SRSL. The information related to future profit and loss accounts, balance sheet and cash flow is price sensitive. In light of the above, I was not provided with the projections of the Companies by their respective management. I have therefore, not used the DCF method for this valuation exercise.



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ANNEXURE 2: SUMMARY OF VALUATION OF SRSL AS PER MARKET PRICE METHOD

Sr. No.	Period	Weekly High (INR)	Weekly Low (INR)	Average (INR)
1	29-04-21 to 05-05-21	13.22	10.88	12.05
2	06-05-21 to 12-05-21	14.05	11.56	12.81
3	14-05-21 to 19-05-21	16.48	14.64	15.56
4	20-05-21 to 26-05-21	16.79	14.79	15.79
5	27-05-21 to 02-06-21	16.80	15.13	15.97
6	03-06-21 to 09-06-21	21.61	15.60	18.61
7	10-06-21 to 16-06-21	26.53	22.70	24.62
8	17-06-21 to 23-06-21	30.70	27.14	28.92
9	24-06-21 to 30-06-21	39.35	32.04	35.70
10	01-07-21 to 07-07-21	47.09	40.49	43.79
11	08-07-21 to 14-07-21	39.05	36.57	37.81
12	15-07-21 to 20-07-21	35.06	33.32	34.19
13	22-07-21 to 28-07-21	36.43	32.43	34.43
14	29-07-21 to 04-08-21	35.24	30.35	32.80
15	05-08-21 to 11-08-21	28.85	25.73	27.29
16	12-08-21 to 18-08-21	27.59	25.13	26.36
17	20-08-21 to 25-08-21	24.55	22.95	23.75
18	26-08-21 to 01-09-21	26.89	24.28	25.58
19	02-08-21 to 08-09-21	26.09	24.82	25.46
20	09-09-21 to 15-09-21	28.65	28.65	28.65
21	16-09-21 to 22-09-21	30.10	26.83	28.46
22	23-09-21 to 29-09-21	28.18	26.79	27.49
23	30-09-21 to 06-10-21	30.82	27.81	29.32
24	07-10-21 to 13-10-21	30.37	28.82	29.60
25	14-10-21 to 20-10-21	32.14	29.42	30.78
26	21-10-21 to 27-10-21	29.92	27.53	28.72
Average of 26 Week (High /Low)		28.18	25.25	26.71
Average of 2 Weeks (High/Low)		31.03	28.47	29.75



**ANNEXURE 3: SUMMARY OF VALUATION OF GSL AS PER COMPARABLE COMPANIES
MULTIPLES METHOD**

Particulars	Value in INR
	30-Sept-21 (Limited Reviewed)
	FV
Maintainable Revenue*	1,86,00,09,402
Maintainable EBITDA %*	10.59%
EBITDA	19,69,55,594
EV/EBITDA Considered for Gokak	9.31
Enterprise Value	1,83,40,93,415
Adjustments	
Cash & Bank	19,13,44,012
Investment	
Current Portion of long term debt	-21,87,80,662
Short Term Borrowings	
Long Term Borrowings	
Loan from SRSL	-1,67,73,18,412
Equity Value	12,93,38,353
Nos of Equity Shares	3,51,74,540
Value Per Equity Shares	3.68

*In the context of prevailing business conditions, I find it appropriate to consider average revenue and earnings for the past three years ended 30 September 2021 as maintainable revenue and earnings for this valuation exercise.

EV/EBITDA OF SELECTED PEER COMPANIES

Particulars	EV/EBITDA*
Dalmia Bharat Sugar and Ind. Ltd.	7.95
Dwarikesh Sugar Industries Ltd.	9.21
Dhampur Sugar	6.30
Balrampur Chini	10.85
Ugar Sugar Works Ltd.	11.10
Bannariamman Sugars Ltd.	16.66
Average	10.35
Discount for lack of Marketability, Size, etc.	10%
Adjusted EV/EBITDA	9.31

*For the working of EV/EBITDA, I have considered the latest available audited financials of companies (March 31st 2021) and for the current market price of the shares I have considered the market price of the shares as on October 27th, 2021 (Valuation date).

