

**Report on Valuation  
of  
Fair Value of Equity Shares  
of  
M/s. GUJARAT NATURAL RESOURCES  
LIMITED**

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**Registered Valuer:**

**AVANI VISHNUBHAI PATEL**

Registered Valuer (IBBI)

EL-6, Manthan Complex, Opp. Bharat Petrol Pump,

Sun-N-step Club Road, Nr. Sattadhar Cross Road,

Ghatlodia, Ahmedabad- 380061, Gujarat, India

IBBI Reg. No.: IBBI/RV/03/2022/15068

ICSI RVO Reg. No.: ICSIRVO/COP/SFA0620/266

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## Executive Summary

**M/S. GUJARAT NATURAL RESOURCES LIMITED (CIN: L27100GJ1991PLC016158)** ('GNRL/'Company') is a Public Limited Company incorporated on 23/08/1991 having registered office at Ninth Floor, 906 to 910, ANAM-1, Parimal Garden, Ellisbridge, Ahmedabad, Gujarat – 380006. It is categorised as Company limited by shares, a non-govt. Company and is registered with Registrar of Companies, Ahmedabad. Its authorized share capital is **Rs. 81,00,00,000 (Rupees Eighty One Crores Only)** and paid-up share capital is **Rs. 80,25,16,450 (Rupees Eighty Crores and Twenty Five Lacs Sixteen Thousand Four Hundred Fifty Only)**. The company is listed on BSE.

**M/s. GUJARAT NATURAL RESOURCES LIMITED** has following Directors/Managing Director/CFO/CEO/Company Secretary:

Sr. No.	Name	DIN	Designation
1.	ASHOK CHINUBHAI SHAH	02467830	Director
2.	SHALIN ASHOK SHAH	00297447	Managing Director
3.	ALPESH SHANTILAL SWADAS	09512469	Director
4.	MANSI SUDHIRBHAI SHAH	09512573	Director
5.	HITESHKUMAR MADHUBHAI DONGA	03393396	Director
6.	HITESHKUMAR MADHUBHAI DONGA	ANGPD9929G	Chief Financial Officer
7.	CHANDRAKANT NATUBHAI CHAUHAN	08057354	Director
8.	BARKHA CHANDERKUMAR LAKHANI	AFHPL1806P	Company Secretary

**M/s. GUJARAT NATURAL RESOURCES LIMITED** is primarily engaged in the business of oil and natural gas exploration, trading of goods and others. The company is listed on Bombay Stock Exchange.

(Source: Company's website i.e. [www.gnrl.in](http://www.gnrl.in))



## **Appointing Authority and Purpose of Valuation**

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**M/s. GUJARAT NATURAL RESOURCES LIMITED** proposes to raise funds by way of issue of equity shares of face value of Rs. 10/- each on preferential basis and in this connection “GNRL” has appointed me vide their appointment letter dated **20<sup>th</sup> February, 2024** to issue the Valuation Report (“**the report**”),

## **Applicable Legal Provisions, Guidelines and Directives**

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Considering the purpose of valuation, I understand that the following legal provisions, guidelines and directives shall apply for the purpose of this valuation exercise-

✓ **Section 62(1)(c) of Companies Act, 2013**

*Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered-*

*(a) ....(specifies matters relating to Rights issue)....*

*(b) ....(specifies matters relating to ESOPs)....; or*

*(c) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.*

✓ **Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI (ICDR) Regulations, 2018')**

*Pricing of Frequently Traded Shares*

*164. (1) If the equity shares of the issuer 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.*

The above provisions require the company to get the valuation of equity instruments to be done by Registered Valuer under section 247 of companies act, 2013.

In this context, the Company requires our assistance in determining the fair value of equity instruments of the company for complying with SEBI (ICDR) Regulations, 2018, Companies Act 2013 and other relevant laws.

### **Appointed date, Valuation date & report date**

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**M/s. GUJARAT NATURAL RESOURCES LIMITED** has appointed Registered Valuer ('RV') on 20/02/2024

The valuation date of equity shares is as on **20/02/2024**. The valuation report date is **20/02/2024**.

### **Disclosure of Valuer Interest**

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I have no present or prospective contemplated financial interest in **M/s. GUJARAT NATURAL RESOURCES LIMITED**. Further I have no personal interest with respect to the Directors of **M/s. GUJARAT NATURAL RESOURCES LIMITED**. I 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.

My professional fees for the valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

### **Identity of the Registered Valuer**

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**Ms. Avani Vishnubhai Patel** is a registered valuer as required under the Companies (Registered Valuers & Valuation) Rules, 2017 and registered with Insolvency & Bankruptcy Board of India vide registration number **IBBI/RV/03/2022/15068**. My primary membership is with ICSI Registered Valuers Organization vide registration no **ICSIRVO/COP/SFA0620/266**.

### **Valuation : A Subjective Concept**

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The value of a company's equity securities is a very subjective concept. It depends on many variables and factors which are not controllable. Therefore, the work of determining the value of equity shares is not precise. Even when it comes to experts, the value determined by two independent professionals may vary substantially. This is because the valuation process involves objective computations based on many subjective aspects and factors which cannot be predicted; like political and economic conditions, climate changes, human behaviour and technological developments. Moreover, different people may view and interpret the same situation quite differently. People's investment decisions are greatly affected due to the information available with them, availability of funds, options at relevant point of time and their perception about the management of the company. It is, therefore very common to come across



situations where the negotiated price with the prospective investor is substantially different from the valuation arrived at by an expert.

## Information relied on for valuation of shares

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The Registered Valuer has taken following information into consideration while valuation of shares:

- ✓ Audited Financial Statement as on 31st March 2023, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021
- ✓ Discussion with management for information & explanation required for the purpose of ascertaining the fair value of shares.
- ✓ Details of the business of the Company and information and explanations received from the Company and the management of the company along with Management representation letter.
- ✓ Publicly available information that is available from websites such as the BSE Limited, Ministry of Corporate Affairs, and Company's Website etc.

In addition to the above, RV also obtained such other information and explanations which were considered relevant for the purpose of valuation.

## Valuation Standards/Bases

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The term "Standards of Value" refer to the type of value (base) chosen for a specific transaction/ engagement. The standard of value will differ with the context and purpose of valuation.

For valuation purpose, fair value has been taken as base. Fair Value has been defined as the

- (a) Cash equivalent price at which a transaction is likely to happen;
- (b) as at the valuation date
- (c) between a hypothetical willing buyer and an able seller
- (d) at arm's length
- (e) in an unrestricted and open market
- (f) in which neither the buyer nor the seller is under any compulsion to buy or sell
- (g) both buyer and seller have reasonable and sufficient knowledge of facts.

## Valuation Premises

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**Indian Valuation Standard 2018** defines Premise of Value as the conditions and circumstances of how an asset is deployed. It is an assumption regarding the most likely circumstances (market conditions) that may be applicable to the asset under valuation.

There are two basic premise of valuation:

- 1. Going Concern** - As per Ind AS 1, it is based on the assumption that the business will continue to operate in future and that there is no reasonable basis to presume (like negative net worth, continued losses, lockouts, legal ban etc.) that normal continuance of business is jeopardized in any way. Typically (but not necessarily), the business as a whole is valued in this case based on its earning capacity, with all its tangible and intangible assets.
- 2. Liquidation** - This implies that the business is either no more a going concern or that it is advantageous to terminate the business and sell the assets piece meal. Such liquidation can be either:
  - a) Forced liquidation basis, wherein the seller does not get enough time to locate and negotiate with market participants.
  - b) Orderly liquidation Basis, wherein assets are sold over a reasonable period after identifying and negotiating with market participants in an efficient manner.

Based on the nature of assignment and availability of information, we have calculated fair value of shares based on going concern premises.

## Valuation Methods

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Valuation of the enterprise/equity shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay goodwill. It should be understood that the valuation of any Company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control.

The value of shares of a Company depends on various factors such as its intrinsic net worth; its earning capacity and the price at which a willing buyer is ready to acquire the shares in an open market at arm's length transaction. Accordingly, the alternative methods of share valuation try to consider the above factors while determining the value of the shares of any Company.

The Following are commonly used and accepted methods for determining the value of the equity shares of a Company /Business:

### A. Asset Approach

- Net Asset Value Method

### B. Income Approach

- Discounted Cash Flow Method

### C. Market Approach:

- Market Price Method

### **A. The Net Assets Value Method:**

It represents the value of a share with reference to the historical cost of the assets owned by the Company and the attached liabilities on the valuation date. It is determined based on the net assets of the Company available to equity shareholders. The same can be calculated either using the book value or the market value of the assets and liabilities.

The mechanism to calculate fair value per equity share is as below:

- The net assets of the business are computed as on the valuation date by deducting from the total assets the value of total liabilities.
- The net value is then divided by the total number of equity shares to arrive at the value per share.

Net Asset Value Method is based on historic performance of the company and would not be reflective of its growth potential going forward and thus would not reveal the true business value of the company. Hence keeping the context and purpose of the report in mind, we have not used this method in the Analysis.

### **B. Income Approach**

#### **The Discounted Cash Flow (DCF)**

This method uses the future cash flows of the Company discounted by the cost of capital to arrive at the present value. In general, the DCF method values the Company by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to owners/equity shareholders of the Company.

The free cash flows are discounted by Cost of Equity ( $K_e$ )/Weighted Average Cost of Capital (WACC). The cost of equity ( $K_e$ ) represents the return expected by the investors of equity. The WACC represents the return expected by the investors of both debt and equity respectively, weighted of their relative funding in the entity.

Terminal value refers to the present value of the business as a going concern basis beyond the period of projection up to perpetuity. This value is estimated taking into account business growth rates as well as estimated growth rates of the industry and economy.

The present value of the free cash flows during the explicit period and the perpetuity value indicate the value of the company.

The DCF method is modern valuation method which relates the value of an asset to the present value of the expected future cash flows on that asset.



DCF model is predominantly useful for valuation of the business of unlisted companies. Further, we have not been provided projections for the next 5-7 years. Furthermore SEBI Regulation is also giving emphasis to Market Method. Hence, keeping the context and purpose of the report in mind, we have not used this method in the Analysis.

### **B. The Market Price Method:**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly are freely traded.

**The Equity Shares of M/s. GUJARAT NATURAL RESOURCES LIMITED are presently listed at BSE Limited and hence the pricing guidelines mentioned in Regulation 164(1) of SEBI (ICDR) Regulations, 2018 is applicable to the Company.**

**As per the SEBI regulations we had arrived at Average of 90 trading days VWAP and Average of 10 trading days VWAP. Accordingly, the higher of above 2 is taken as fair value of equity shares:**

<b>A] Average of 90 trading days VWAP</b>	<b>Rs. 17.46</b>
<b>B] Average of 10 trading days VWAP</b>	<b>Rs. 27.68</b>
<b>Applicable Minimum Price (Higher of the A or B)</b>	<b>Rs. 27.68</b>

*(Refer Appendix-1 for detailed working)*

### **Conclusion**

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Based on above valuation approach and considering all the information available on record with management & information available on public domain and applying professional scepticism, the fair value of equity shares of **M/s. GUJARAT NATURAL RESOURCES LIMITED** is **Rs. 27.68/-** (Rupees Twenty Seven and Sixty Eight paisa Only) per share.

There is no transfer of control and hence Control Premium is not taken into account.

The report should be read in entirety along with the limitations and disclaimers pertaining to specific asset class.

### **Caveats, Limitations and Disclaimers**

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#### **1. Restriction on use of valuation report:**

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the report. I do not take any responsibility for the unauthorized use of this report.

## **2. Responsibility of RV:**

I owe responsibility to only to the authority/client that has appointed me/us under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or Companies, their Directors, employees or agents.

## **3. Accuracy of information:**

While our work has involved an analysis of financial information our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

## **4. 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.

## **5. Reliance on the representations of the owners/clients, their management and other third parties:**

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the owners/clients, their management except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the Companies, their Directors, employee or agents.

## **6. No procedure performed to corroborate information taken from reliable external sources:**

I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I 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 and/or reproduced in its proper form and context.

## **7. Compliance with relevant laws:**

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Companies/Business/assets 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 recorded/reflected in the balance sheet provided to us.

**8. 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.

**9. Future services including but not limited to testimony or attendance in courts/tribunals/ authorities for the opinion of value in the valuation report:**

I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court/judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court/judicial proceedings and my/our tendering evidence before such authority shall be under the applicable laws.



**RV Avani Vishnu Bhai Patel**

**IBBI Registered Valuer**

**Asset Class: Securities or Financial Assets**

**RV Reg No. IBBI/RV/03/2022/15068**

**Place: Ahmedabad**

**Date: 20/02/2024**



## Appendix 1: Market Value Method

### Calculation of minimum issue price as prescribed under Regulation 164 (1) of Chapter V of SEBI (ICDR) Regulations, 2018

Date of EGM	21 <sup>st</sup> March, 2024
Relevant Date (30 days prior to EGM)	20 <sup>th</sup> February, 2024

**A] Average of the volume weighted average price (VWAP) of the equity shares of GUJARAT NATURAL RESOURCES LIMITED quoted on the BSE Limited during the 90 trading days preceding the relevant date (i.e. 20<sup>th</sup> February, 2024)**

Days	Date of Trading day	No. of Shares	Total Turnover (Rs.)
1	19-Feb-24	65928	1709872
2	16-Feb-24	51488	1309304
3	15-Feb-24	130433	3390692
4	14-Feb-24	46751	1193946
5	13-Feb-24	34003	894646
6	12-Feb-24	68900	1907775
7	09-Feb-24	52828	1458673
8	08-Feb-24	326094	9228855
9	07-Feb-24	167973	4932352
10	06-Feb-24	195756	5531756
11	05-Feb-24	204537	5378294
12	02-Feb-24	70747	1818421
13	01-Feb-24	63167	1714328
14	31-Jan-24	405303	11755044
15	30-Jan-24	71763	2023716
16	29-Jan-24	71873	1930152
17	25-Jan-24	138910	3554400
18	24-Jan-24	106422	2584631
19	23-Jan-24	154836	3663658
20	20-Jan-24	86977	1988398
21	19-Jan-24	384929	8600187
22	18-Jan-24	509749	11812904
23	17-Jan-24	761835	17228000
24	16-Jan-24	404317	9138111
25	15-Jan-24	459053	10149701
26	12-Jan-24	411177	8869687

27	11-Jan-24	385631	8370818
28	10-Jan-24	404916	8776469
29	09-Jan-24	382628	8289581
30	08-Jan-24	60784	1338940
31	05-Jan-24	133445	3057096
32	04-Jan-24	168268	3656664
33	03-Jan-24	24222	505102
34	02-Jan-24	29569	616351
35	01-Jan-24	30644	653054
36	29-Dec-23	26577	551118
37	28-Dec-23	72643	1562486
38	27-Dec-23	230392	5018211
39	26-Dec-23	80598	1700119
40	22-Dec-23	216463	4667119
41	21-Dec-23	250331	5415639
42	20-Dec-23	390267	8675931
43	19-Dec-23	824510	17245682
44	18-Dec-23	862542	15923685
45	15-Dec-23	20172	321703
46	14-Dec-23	40665	653127
47	13-Dec-23	57145	930010
48	12-Dec-23	38579	618262
49	11-Dec-23	28284	449742
50	08-Dec-23	50174	793847
51	07-Dec-23	41554	664286
52	06-Dec-23	43244	694398
53	05-Dec-23	45528	731707
54	04-Dec-23	37266	604365
55	01-Dec-23	53123	852646
56	30-Nov-23	43648	689359
57	29-Nov-23	45846	733124
58	28-Nov-23	42997	701429
59	24-Nov-23	44190	716603
60	23-Nov-23	69869	1147559
61	22-Nov-23	82782	1345100
62	21-Nov-23	27425	446684

63	20-Nov-23	130762	2215832
64	17-Nov-23	31478	520144
65	16-Nov-23	95459	1593098
66	15-Nov-23	122376	2028703
67	13-Nov-23	421873	6865869
68	12-Nov-23	23289	351356
69	10-Nov-23	76056	1142079
70	09-Nov-23	401745	6286805
71	08-Nov-23	10374152	137542425
72	07-Nov-23	45114	592312
73	06-Nov-23	24460	327606
74	03-Nov-23	47863	638454
75	02-Nov-23	35321	465460
76	01-Nov-23	31784	423596
77	31-Oct-23	55063	732456
78	30-Oct-23	40797	543969
79	27-Oct-23	181281	2388687
80	26-Oct-23	46629	607941
81	25-Oct-23	126524	1719619
82	23-Oct-23	192052	2503266
83	20-Oct-23	761028	9981854
84	19-Oct-23	110572	1627641
85	18-Oct-23	131443	1988888
86	17-Oct-23	87366	1328676
87	16-Oct-23	58143	848643
88	13-Oct-23	78035	1156752
89	12-Oct-23	47256	713693
90	11-Oct-23	117753	1838277
<b>Total</b>		<b>2,47,28,344</b>	<b>43,18,59,620</b>
<b>Average (43,18,59,620/2,47,28,344)</b>		<b>17.46</b>	

Source: BSE Limited Website



**B] Average of the volume weighted average price (VWAP) of the equity shares of GUJARAT NATURAL RESOURCES LIMITED quoted on the BSE Limited during the 10 trading days preceding the relevant date (i.e. 20<sup>th</sup> February, 2024)**

<b>Days</b>	<b>Date of Trading day</b>	<b>No. of Shares</b>	<b>Total Turnover (Rs.)</b>
1	19-Feb-24	65928	1709872
2	16-Feb-24	51488	1309304
3	15-Feb-24	130433	3390692
4	14-Feb-24	46751	1193946
5	13-Feb-24	34003	894646
6	12-Feb-24	68900	1907775
7	09-Feb-24	52828	1458673
8	08-Feb-24	326094	9228855
9	07-Feb-24	167973	4932352
10	06-Feb-24	195756	5531756
<b>Total</b>		<b>11,40,154</b>	<b>3,15,57,871</b>
<b>Average (3,15,57,871/11,40,154)</b>		<b>27.68</b>	

*Source: BSE Limited Website*