

**VALUATION  
OF  
EQUITY SHARES  
OF  
MEGASTAR FOODS LIMITED  
CIN: L15311CH2011PLC033393**

**Prepared By  
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134-1-2 Nilkanthnagar, Gordhanwadi Tekra , Kankaria,  
Ahmedabad City , Ahmadabad , Gujarat - 380001**

**RV Registration No – IBBI/RV/03/2020/13674**

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**Ahmedabad City , Ahmedabad , Gujarat - 380001**

**E-mail – csabhishekchhajed1@gmail.com Contact number - +91 94088 12129**

**Date: November 10, 2021**

**To,**

**Megastar Foods Limited**

**Plot No. 807, Industrial Area, Phase-II**

**Chandigarh 160102 In**

Dear Sir,

**Sub: Valuation Analysis of the Equity Shares of Megastar Foods Limited**

I refer to our engagement letter dated November 09, 2021 for carrying out the valuation of **Equity Shares** of **Megastar Foods Limited** (here-in-after referred as "**Company**" or "**MFL**"). In accordance with the terms of the engagement, I am enclosing my report along with this letter. In attached report, I have summarized my Valuation analysis of the Shares together with the description of methodologies used and limitation on my Scope of Work,

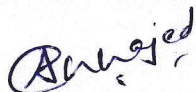
Based on my assessment Fair Value of Shares having Face Value of Rs.10 each has been arrived at Rs. 35/-. In case you require any further assistance, please feel free to contact me.

This Valuation Analysis is confidential and has been prepared for you for providing the same to government or regulatory authorities and this report can be provided to potential investor of MFL for enabling compliance under various laws as detailed hereinafter in this report. It should not be used, reproduced or circulated to any other person, in whole or in part, without my prior consent. Such consent will only be given after full consideration of the circumstance at that time. I trust that above meets your requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Thanking you,

Yours faithfully,



**ABHISHEK CHHAJED**

**RV Registration No – IBBI/RV/03/2020/13674**

**Registered Valuer**

**Place: Ahmedabad**



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**CS ABHISHEK CHHAJED****(IBBI Registered Valuer)****134-1-2 Nilkanthnagar, Gordhanwadi Tekra , Kankaria,****Ahmedabad City , Ahmedabad , Gujarat - 380001****E-mail – csabhishekchhajed1@gmail.com Contact number - +91 94088 12129****1. BACKGROUND OF THE COMPANY:****History:**

Megastar Foods Limited (“MFL”) is Public Limited Company incorporated under the Companies Act, 1956 on November 28, 2011, having its registered office at Plot No. 807, Industrial Area, Phase-II Chandigarh 160102 India. The Company Identification Number (CIN) of the company is L15311CH2011PLC033393. Equity Shares of MFL are listed on SME Platform of BSE Limited.

**Main Object of the Company are:**

1. To establish, install acquire, own, take on lease and carry on the business of Roller Flour Mills, Rice Shellers, Sela plant, Rice grains, Flour Mills and vegetable oil Extraction plants and to store, buy, sell, import, export, act as commission agents or deal in food grains of all kinds, rice, cereals, edible oils and all food and agro based products of similar description.
2. To buy, sell, process, import, export, manipulate, convert, treat and prepare for market and deal in all kinds of food grains like Paddy, Rice, Wheat, Maize, Grams, Pulses, oil seeds and all kinds of agriculture produce.
3. To acquire, construct, set up ,take on lease and let out and operate flour mills, pulverizes, grinding mills, warehouses for manufacturing, pulverizing, producing, cleaning, developing, finishing, crushing, extracting, grinding, grading, mixing, refining, milling, storing, transporting wheat, gram and all kinds of grains, cereals, seeds, pulses, spices, and other edible items for manufacturing of pulses, besan, maida, atta, suji, rava, starch and other allied products including any type of packaging/packing products/materials ; and to manufacture food products, such as biscuits, flakes, dalia, starch ,cereals and confectionery and other food products of all kinds and description and to set up factories or mills for the manufacture thereof.
4. To construct, build, equip, own, purchase, take on lease, rent, hire, maintain, keep and to run cold storages, storage chambers, freezers, deep freezers, godowns, warehouses, refrigerators, silos and room coolers for storing poultry/non poultry products, protein foods, milk & dairy products, cream, butter, cheese, bacon, sausages, fruits, roots, vegetables and other substances made from all or any of them and canned, tinned and processed foods of every description and all type of agro produce ,agro products and to act as transporters of aforesaid foods, substances and products.

**Capital Structure of the Company;**

Particulars	Amount (in Rs.)
<b>Authorised Share Capital</b> 1,50,00,000 Equity shares of Rs.10/- each	150000000
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b> 9,903,700 Equity shares of Rs.10/- each	99037000

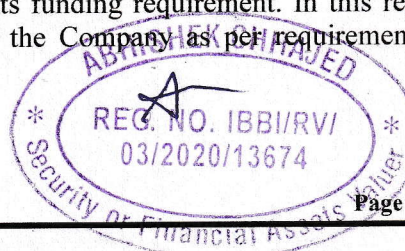
**Board of Directors**

Sr. No	Name	DIN
1.	Mr. Vikas Goel	05122585
2.	Mr. Vikas Gupta	05123386
3.	Mr. Amit Mittal	08099502
4.	Mr. Prabhat Kumar	08099531
5.	Mr. Mudit Goyal	08099543
6.	Ms. Savita Bansal	08099629

**2. PURPOSE:**

MFL intends to issue Equity Shares on preferential basis to meet its funding requirement. In this regard, MFL has engaged me to carry out valuation of Equity Shares of the Company as per requirements of Companies Act, 2013 on relevant date being August 27, 2021.

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Ahmedabad City , Ahmedabad , Gujarat - 380001****E-mail – csabhishekchhajed1@gmail.com Contact number - +91 94088 12129****3. KEY DATES:****Appointing Authority-** Board of Director of the MFL**Appointment Date:-** November 09, 2021**Valuation Date/Relevant Date:-** August 27, 2021**Report Date:** November 11, 2021**4. IDENTITY OF VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION:**

I am independent Registered Valuer as required under the Companies (Registered Valuer & Valuation) Rules, 2017 registered with Insolvency & Bankruptcy Board of India having registration no. IBBI/RV/03/2020/13674. No other Experts are involved in this valuation exercise.

**5. PECUNIARY INTEREST DECLARATION**

I do not have pecuniary interest in the Shares of MFL, past, present or prospective, and the opinion expressed is free of any bias in this regard. I strictly follow the code of conduct of the Registered Valuation Organization of IBBI.

**6. SOURCES OF INFORMATION:**

I have been provided the following information for the valuation analysis:

- MOA & AOA of MFL;
- Annual Report for the year ended on March 31, 2021 and March 31, 2020;
- Trading History Data of Equity Shares of MFL for last one year from relevant Date;
- Written Representations made by the Company in course of the valuation exercise;
- Other related information from various sources;

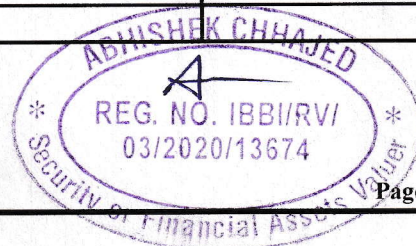
Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope.

Discussions (in person / over call) with the management to: Understand the business and fundamental factors that affect its earning- generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance. During the discussions with the management, I have also obtained explanations and information considered reasonably necessary for this exercise.

**7. FINANCIAL INFORMATION:**

Particulars	As at March 31, 2021 (Audited)
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Share Capital	990.37
Reserve and Surplus	1,636.75
<b>Non-Current Liability</b>	
Long Term Borrowing	560.23
Deferred Tax Liability (Net)	146.60
Other Long Term Liabilities	2.44
Long Term Provision	17.60

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Particulars	As at March 31, 2021 (Audited)
<b>Current Liabilities</b>	
Short Term Borrowing	4,294.30
Trade Payables	241.51
Other Current Liabilities	696.22
Short Term provisions	18.07
<b>TOTAL</b>	<b>8,604.10</b>
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Property Plant and Equipment	2,103.15
Long term loans & advances	36.27
<b>Current Assets</b>	
Inventories	4,804.94
Trade Receivables	1,625.75
Cash and Cash Equivalents	10.48
Other Current Assets	14.77
Short Term Loans and Advances	8.74
<b>TOTAL</b>	<b>8,604.10</b>

**8. VALUATION PARAMETERS**

- I. Net Asset Value (NAV)
- II. Price Earning Capacity Value (PECV)
- III. Market Value.

**I. Net Asset Value (NAV)**

The Net Assets Method represents the value with reference to historical cost of assets owned by the company and the attached liabilities on particular date. Net asset will be calculated starting from the total assets of the company and deducting there from all debts, borrowing and liabilities, including current and Likely contingent Liability and preference capital if any. In other words it should represent true net worth of business after providing for all outside present and potential liabilities. In the case of companies, the net assets value calculated from assets side of the balance sheet in the above manner will be crossed checked with equity share capital plus free reserve and surplus, less likely contingent liabilities.

**II. Price Earning Capacity Value (PECV)**

The profit-earning capacity value will be calculated by capitalising the average of the after-tax profits at the following rates;

- I. 15% in the case of manufacturing companies.
- II. 20% in the case of trading companies.
- III. 17.5% in the case of "intermediate companies", that is to say, companies whose turnover from trading activity is more than 40%, but less than 60% of their total turnover.

The crux of estimating the profit-earning capacity value lies in the assessment of the future maintainable earnings of the business. While the past trends in profits and profitability would serve as a guide, it should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is of greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must, therefore, be given due consideration.

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**III. Market Value:** Closing Market Price of Equity Shares of MFL as at August 26, 2021 i.e. one day prior to the relevant date is taken being Rs. 43.65 per Equity Shares.

**9. VALUATION ANALYSIS:****Valuation under NAV method:****Calculation of Net Assets Value of the Company as at April 01, 2021**

Particulars	Rs. In Lakhs
Total Assets of the Company	8,604.10
Less: Total Outside Liabilities	5,976.98
Less: Preliminary Expenses to the extent not written off	0
Less: Deferred tax Assets	0
Net worth	2,627.12
Number of Equity Shares	99.037
Net Asset Value Per Share	26.53
<b>Or Say (Rounded Off)</b>	<b>27</b>

**Value under PECV method:**

Particulars	2020-21	2019-20	2018-19	Total
Total Revenue (Rs. In Lakhs) (A)	16,635.58	16,322.31	14,236.53	
Profit Before Tax (Rs. In Lakhs) (B)	588.62	471.06	339.92	
Weights (C)	3	2	1	6
Product (D=B*C)	1765.86	942.12	339.92	3,047.90
Weighted Average Profit Before Tax (Rs. In Lakhs) (E)				507.98
Tax @25.17% (F=E*25.17%)				127.86
Future Maintainable Profit After Tax (Rs. In Lakhs) (G=E-F)				380.12
Total Value of Equity Shareholders (Capitalization rate @15%)				2,534.16
No of Equity Shares Outstanding (In Lakhs)				99.037
<b>Fair Value Per Equity Share (In Rs.)</b>				<b>26.00</b>

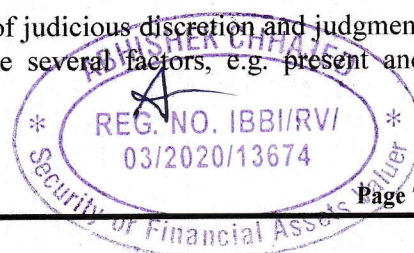
**Market Price:** Rs. 43.65 or say Rs. 44 (Rounded Off) (Source: BSE Ltd.)

Sr. No	Method	Value (Rs. Per Share) (A)	Weights (B)	Weighted (C=A*B)
1.	NAV method	27	1	27
2.	PECV method	26	2	52
3.	Market Value	44	3	132
Total			6	211
<b>Fair Value (In Rs.)</b>				<b>35.00</b>

**10. CONCLUSION:**

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and

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prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the documents available with us but which will strongly influence the worth of a Shares and Debentures.

In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, I have estimated the fair value per Equity Share of the MFL as at Relevant date to be **INR 35 (Rupees Thirty Five only)**.

#### **11. CAVEATS, LIMITATIONS AND DISCLAIMERS:**

My 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. My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

I have provided an assessment of the value based on the information available, application of certain formula and within the scope and constraints of our engagement, others may place a different value to the same. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

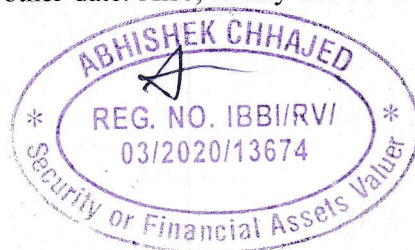
The company and its representatives warranted to us that the information supplied to us was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to us has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the historical provided to us and, accordingly, i do not express any audit opinion or any other form of assurance on this information. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. In the course of the valuation, i were provided with both written and verbal information. I 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.

My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

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.

My work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, I am 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 and it 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.





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I have no responsibility to update this report for events and circumstances occurring after the date of this report. My fees is not contingent to the results or output of this report. I will not be responsible to appear in front of Companies act, income tax, RBI or any other regulatory authority in relation to the said valuation.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the MFL and my work and my finding shall not constitute a recommendation as to whether or not MFL should carry out the transaction. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents my opinion, based on information furnished to us by the client and other sources. 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.

My report is meant for the purpose mentioned in point 2 of this report and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

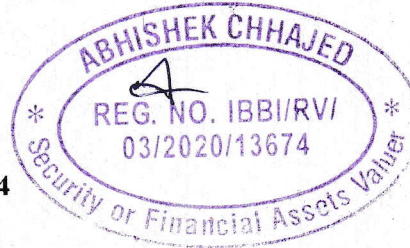
I acknowledge that I am independent valuer and have no present or contemplated financial interest in the Company. My fees for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have not been engaged by the Company in any unconnected transaction during last five years.

Neither me, nor any managers, employees of my firm makes 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.

Thanking you,  
Yours faithfully,



**ABHISHEK CHHAJED**  
**RV Registration No – IBBI/RV/03/2020/13674**  
**Registered Valuer**



**Place: Ahmedabad**