

**Valuation Report  
on the fair value of equity shares of  
Swan Energy Limited**

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**June,27 2023**

Prepared by:

Vardhman Doogar  
Registered Valuer  
Gurgaon

# Vardhman Doogar

B. Com., FCA, ACS, MIB,  
Registered Valuer (Securities or Financial Assets)  
Registration No.: IBBI/RV/06/2019/10802  
ICAI Registration No. ICAIRVO/RV-N000133/2018-19

June,27 2023

Board of Directors,  
Swan Energy Limited  
6, Feltham house, 2<sup>nd</sup> floor, 10 J.N Heredia Marg,  
Ballard Estate, Mumbai-400001

**Subject: Determination of Fair value of Equity Shares of Swan Energy Limited ("SEL") in compliance with Regulation 166A(1) of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 and subsequent amendments thereto.**

## I. INTRODUCTION

### A. ENGAGEMENT OUTLINE/ OBJECTIVE

I (CA Vardhman Doogar, a Registered valuer) have been appointed by the SEL to express an opinion on the Fair value of Equity Shares of the Company in compliance with provisions of Regulation 166A(1) of SEBI (ICDR) Regulations, 2018 for the purpose of allotting equity shares through preferential allotment in terms of Chapter V of SEBI (ICDR) Regulations, 2018 and also it has been informed by the management that there shall be no change in control pursuant to said preferential issue of shares.

Further in compliance with Regulation 166A(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, I confirm that I am an Independent Registered Valuer.

As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this report. While utmost care has been taken, however, my report is subject to the limitations detailed hereinafter:

- a. **Valuation Date for the purpose of Price Calculation** – Valuation analysis and results are specific to the Valuation Date i.e., June 27, 2023, being the Board Meeting date for considering Preferential Issue, contemplated on the basis of information provided by the management. The valuation has been conducted with reference to the latest audited financial statement as on March 31, 2023 available as on reference date.
- b. **Independent Valuer** - I am an Independent Registered Valuer registered with competent authority vide registration no. IBBI/RV/06/2019/10802
- c. **Engagement Date and Management Representation Date** – I was engaged by Swan Energy Limited for the valuation of equity shares of SEL vide Engagement Letter dated 21<sup>st</sup> June 2023 and have been provided Management Representation Letter dated 27<sup>th</sup> June 2023.
- d. **Reliance on the Information provided** – I have been provided with certain written and verbal information and assumptions from the management of "SEL". I have relied on the information provided by the management and experts and have not conducted any detailed enquiry. Accordingly, I do not express any opinion or offer any form of assurance regarding its accuracy and completeness.
- e. **Valuation Analysis** – Valuation of business is not a precise art and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment.



- f. **Caution to users of the Report** – This report and the information contained herein are confidential. It is intended only for the sole use of the purpose mentioned in this report.

This report must be considered in the above-mentioned context and can be submitted to stock exchange. It is not an advisory document for any other purpose. The report may not be distributed, reproduced, or used, without the express written consent of Vardhman Doogar for any purpose other than mentioned above. The valuation analysis should not be construed as investment advice.

## II. SOURCES OF INFORMATION

My expression of the opinion on the fair value of the Company is supported by all procedures that I deem to be relevant. I have obtained sufficient information and relied on the data, facts, information, documents, and explanations as authenticated, and provided to me by the Management. I have relied upon Management Representation Letter dated June 27<sup>th</sup>, 2023.

The management provided the following information to Registered Valuer:

- A Brief Note on the background of the Company.
- Standalone and Consolidated Audited Financial statement of Swan Energy Limited for the financial year ending March 31, 2023, March 31, 2022, March 31, 2021.
- Discussions with the Management, and other quantitative and qualitative data.

Supporting data, copies of source documents, and other pertinent information supporting my opinion of value are maintained in my files.

## III. BRIEF BACKGROUND OF SEL

Swan Energy Limited (SEL) is a public limited company incorporated on 22/02/1909 at Bombay, under the erstwhile Indian Companies Act, VI of 1882, as 'Swan Mills Limited' and is listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) in India.

The registered office of the company is situated at 6, Feltham House, 2nd Floor, 10, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001.

The Company has three verticals of business i.e., Textiles, Energy and Constructions & others. The Company has 8 subsidiaries companies. 2 subsidiaries are engaged in Real estate business, 2 subsidiaries are engaged in construction of LNG Port Project at Gujarat, 1 subsidiary is engaged in Infrastructure, 1 company is in Textile trading business and 2 subsidiaries are engaged in trading of petroleum and petrochemical products. Out of 8, 1 is a foreign subsidiary incorporated in UAE which is engaged in trading of petroleum and petrochemical products, balance 7 subsidiaries are Indian subsidiaries.

(Source : Management)

## IV. Shareholding Pattern as on March 31, 2023 as filed with Stock Exchange:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares
(A) Promoter & Promoter Group	15	16,91,48,000	16,91,48,000	64.09
(B) Public	18,745	9,47,69,000	9,47,69,000	35.91
<b>Grand Total</b>	<b>18,760</b>	<b>26,39,17,000</b>	<b>26,39,17,000</b>	<b>100.00</b>



## V. PROCEDURES ADOPTED

In connection with this exercise, I have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to SEL.
- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability and historical financial performance.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation
- Selection of well accepted valuation methodology/(ies) as considered appropriate by us.
- Arriving at fair valuation of equity shares of SEL.

## VI. STANDARD COMPLIANCE AND VALUATION BASIS

As per regulation 166A(1)

*"Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price".*

## VII. VALUATION METHODOLOGY

The fair value of equity shares have been arrived based on the various approaches / methods explained below and various qualitative factors relevant to the Company and the business dynamics and growth potentials of the business of the Company, having regard to information base, key underlying assumptions and limitations.

There are primarily three approaches in valuation (viz., Asset Approach, Income Approach and Market Approach). For any valuation, all the approaches may not be relevant and ,therefore, will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

According to IVS 104 "Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

I have adopted internationally accepted valuation standards and approaches in delivering my valuation conclusion. There are several principal valuation approaches under International Valuation Standards, of which I have considered only those approaches to the extent of its applicability and relevance in this case

Various approaches generally adopted in valuation are as under:

1. Income Approach
2. Market Approach
3. Asset Approach



I have considered the Market Approach (Market Price Method) , Asset Approach (NAV Method) and Income Approach (Price Earning Capacity Value Method ) for valuation of SEL.

**Market Approach – Market Price (MP) method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. The equity shares of SEL are listed on the BSE Limited and National Stock Exchange of India Limited and are traded frequently (based on the assessment as per SEBI guidelines to determine whether the shares frequently traded or not) . We have considered the NSE data due to high trading volume on NSE. In these circumstances the share prices observed on NSE over a reasonable period (i.e higher of 10 or 90 Trading days prior to the valuation date) have been considered for arriving at the fair value per equity share of SEL under the Market Price method, 95% weight is assigned to this method.

**Income Approach -Price Earning Capacity Volume method:** 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. PECV (Profit Earning Capacity Value) method was taken into consideration for the valuation, but due to the continuous losses in the company based on consolidated audited financials over the past three years, no weight was assigned to this method.

**Asset Approach – Net Asset Value (NAV) method:** Under this approach, the net asset value method is considered, which is based on the underlying value of assets and liabilities as represented in the audited consolidated financial statement as on 31<sup>st</sup> March, 2023. In the present valuation analysis, However, I have assigned 5 % weight to this method.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I have given 95% weight to MP method and 5% to NAV method to estimate the value of equity shares of SEL.

#### VIII. Conclusion of Value

The Calculation of Concluded value per share is presented as below:

SWAN ENERGY PRIVATE LIMITED			
Calculation of concluded fair value per share			
Particular	Value per share(INR)	Weights	Weighted value
Price Earning Capacity value method	-13.87	0%	-
Market method	264.99	95%	251.74
Net asset value method	86.53	5%	4.33
<b>Concluded value per share (INR)</b>			<b>256.07</b>

Further as per second proviso to regulation 166A(1) if the proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

The management has informed that the proposed issue of equity shares will not result in change of control hence the second proviso isn't applicable.



Therefore, the Fair value of equity shares as per regulation 166A(1) of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 and subsequent amendments thereto of SEL is estimated ₹ 256.07 per share.

**IX. Limitation And Disclaimers**

This report is subject to the limitations detailed hereinafter. This report is to be read in totality and not in parts, in conjunction with the relevant document referred to therein.

Valuation work, by its 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 judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. While I have provided my recommendation based on the information available to me and within the scope and constraints of my engagement, others may have a different opinion.

Further, this valuation report is based on the extant regulatory environment and the business/ market conditions, which are dynamic in nature & may change in future, thereby impacting the valuation of the company.

For the present valuation exercise, I have also relied upon information available in the public domain, however the accuracy and timeline of the same has not been independently verified by us.

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

The client/owner and its management/representatives warranted to me 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 and other third parties concerning the financial data, operational data and maintenance schedule of all plant machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets 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 willful default on part of the companies, their directors, employee or agents. I do not make any representations or warranty, express or implied, regarding the achievability of forecasts and completeness of such other information as provided by the Management.

The information contained herein is based on the analysis of information available at the time when this report was prepared.

The information presented on the valuation report does not reflect the outcome of any due diligence procedure, which may impact the valuation report materially.

I have no present or contemplated financial interest in the Company. The fee for this engagement is not contingent upon the results of this report. I have no responsibility to update this report for events and circumstances occurring subseqt to the date of this report.

In the course of valuation, I was provided with both written and verbal information, including market, technical, financial and operating data.

The actual market price achieved may be higher or lower than my estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.



*Valuation report on the fair value of the equity shares of Swan Energy Limited*

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to me as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.

I have acted as an independent third party and, as such, shall not be considered an advocate for any concerned party for any dispute. The valuation has been carried out independently to assess the valuation services. I have no present or planned future interest in SEL or any of its group companies and the fee for this report is not contingent upon outcome of the transaction. My valuation should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with SEL.



Date: June 27, 2022  
UDIN: 23517347BGPWZN8663  
Place: Gurugram

CA. Vardhman Doogar  
Registered Valuer  
MRN:517347  
IBBI Membership No: IBBI/RV/06/2019/10802  
ICAI Registration No. ICAIRVO/RV-N000133/2018-19

X. ANNEXURE

**Annexure 1**  
**Calculation of Net asset value**

Particulars	Amount (INR in lakhs)
<b>Asset</b>	
<b>Non Current asset</b>	
a) Property plant equipment	3,82,646.93
b) Right of use asset	58.08
c) Capital work in progress	3,25,291.78
d) Other Intangible Asset	0.05
e) Investment property	39,817.33
f) Financial Asset	
Investment	1,260.32
loan	74.34
Other financial asset	100
g) Non Current tax asset	-
h) Deferred tax asset	4,523.32
i) Other non current tax asset	11,183.44
<b>Total Non Current Asset</b>	<b>7,64,857.19</b>
<b>Current Asset</b>	
a) Inventories	26,057.36
b) Financial asset	
Investment	1,736.93
Trade recievable	1,78,559.83
Cash & cash equivalent	14,508.50
Bank	5,659.20
Loan	13,215.17
Other financial asset	61.06
Other Current asset	17,802.95
<b>Total Current Asset</b>	<b>2,57,621.00</b>
<b>Total Assets</b>	<b>10,22,478.19</b>
<b>Liabilities</b>	
<b>Non Current liability</b>	
Financial Liability	
Borrowing	3,32,769.43
Trade payable	22,611.76
Other Financial Liabilities	7,159.73
Provisions	281.39
<b>Total Non Current liabilities</b>	<b>4,22,842.31</b>
<b>Current Liabilities</b>	
Financial Liability	
Borrowing	63,694.76
Trade paybles	96,236.66
Other Financial Liabilities	37,129.28
Other Current Liabilities	8,366.94
Provisions	101.05
<b>Total Current liabilities</b>	<b>2,26,128.69</b>
<b>Total Liabilities</b>	<b>6,48,971.00</b>
<b>Non controlling Interest</b>	<b>1,45,139.33</b>
<b>Net Asset value</b>	<b>2,28,367.86</b>
<b>Total No of Shares</b>	<b>2,639.17</b>
<b>NAV</b>	<b>86.53</b>



**Annexure 2**  
**Calculation of Market Price**

SWAN ENERGY PRIVATE LIMITED			
Calculation of Market Price			
No of Trading Days	Total Traded Quantity	Turnover	volume weighted average price on NSE
10	1,18,40,417	3,13,75,44,921	264.99
90	6,19,56,022	15,54,49,91,956	250.90
Market Price- Higher of above (INR)			264.99

SWAN ENERGY PRIVATE LIMITED			
Calculation of Market Price			
S.NO	DATE	TRADED QTY	TURNOVER
1	26-Jun-23	5,80,707	15,72,91,429.60
2	23-Jun-23	22,39,468	60,45,04,810.75
3	22-Jun-23	78,00,659	2,08,34,50,153.90
4	21-Jun-23	4,76,076	11,62,99,573.05
5	20-Jun-23	74,085	1,74,39,122.65
6	19-Jun-23	1,08,935	2,56,54,885.70
7	16-Jun-23	91,870	2,16,50,179.70
8	15-Jun-23	82,249	1,93,30,694.50
9	14-Jun-23	76,582	1,81,56,791.50
10	13-Jun-23	3,09,786	7,37,67,279.85
TOTAL		1,18,40,417	3,13,75,44,921.20
Price			264.99



SWAN ENERGY PRIVATE LIMITED			
Calculation of Market Price			
S.NO	DATE	TRADED QTY	TURNOVER
1	26-Jun-23	5,80,707	15,72,91,429.60
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4	21-Jun-23	4,76,076	11,62,99,573.05
5	20-Jun-23	74,085	1,74,39,122.65
6	19-Jun-23	1,08,935	2,56,54,885.70
7	16-Jun-23	91,870	2,16,50,179.70
8	15-Jun-23	82,249	1,93,30,694.50
9	14-Jun-23	76,582	1,81,56,791.50
10	13-Jun-23	3,09,786	7,37,67,279.85
11	12-Jun-23	1,38,745	3,30,27,963.45
12	09-Jun-23	80,418	1,92,10,044.60
13	08-Jun-23	1,24,176	2,99,08,039.70
14	07-Jun-23	1,42,461	3,49,18,972.70
15	06-Jun-23	88,585	2,15,40,816.95
16	05-Jun-23	2,11,148	5,23,86,547.90
17	02-Jun-23	6,67,965	16,99,19,701.10
18	01-Jun-23	7,52,910	18,52,37,810.10
19	31-May-23	6,73,560	15,88,82,127.10
20	30-May-23	51,124	1,16,95,366.90
21	29-May-23	52,955	1,22,09,628.80
22	26-May-23	73,759	1,69,22,710.65
23	25-May-23	1,56,001	3,61,02,580.70
24	24-May-23	1,01,277	2,38,75,625.40
25	23-May-23	1,12,622	2,64,47,053.85
26	22-May-23	4,59,586	10,95,31,548.95
27	19-May-23	7,38,092	17,32,00,874.80
28	18-May-23	1,00,046	2,27,79,098.45
29	17-May-23	95,867	2,21,25,564.90
30	16-May-23	96,872	2,29,41,784.05
31	15-May-23	59,872	1,40,58,280.60
32	12-May-23	1,06,861	2,54,15,059.15
33	11-May-23	1,69,903	4,02,74,728.40
34	10-May-23	1,43,709	3,38,95,897.00
35	09-May-23	2,46,397	5,90,28,414.55
36	08-May-23	1,30,652	3,10,20,744.85
37	05-May-23	2,60,368	6,20,26,429.95
38	04-May-23	3,13,791	7,42,91,484.75
39	03-May-23	8,48,457	20,40,32,547.80
40	02-May-23	7,24,320	16,77,56,889.35
41	28-Apr-23	3,17,571	6,93,84,373.95
42	27-Apr-23	87,951	1,87,41,883.80
43	26-Apr-23	88,439	1,86,19,007.80
44	25-Apr-23	1,38,347	2,93,76,408.90
45	24-Apr-23	1,15,794	2,46,68,594.00
46	21-Apr-23	1,17,622	2,50,69,165.90
47	20-Apr-23	2,24,319	4,81,21,774.90
48	19-Apr-23	1,81,564	3,90,84,661.75



Valuation report on the fair value of the equity shares of Swan Energy Limited

49	18-Apr-23	2,43,299	5,35,02,818.65
50	17-Apr-23	2,40,933	5,40,45,844.40
51	13-Apr-23	2,20,445	4,95,21,543.35
52	12-Apr-23	3,92,431	8,81,28,442.10
53	11-Apr-23	4,64,374	10,44,72,754.90
54	10-Apr-23	3,49,963	7,76,07,105.00
55	06-Apr-23	3,26,864	7,19,92,303.35
56	05-Apr-23	4,54,022	9,76,85,118.15
57	03-Apr-23	5,02,786	10,77,47,109.10
58	31-Mar-23	8,61,570	18,29,26,535.20
59	29-Mar-23	13,07,706	26,94,32,423.35
60	28-Mar-23	17,75,479	35,67,09,390.45
61	27-Mar-23	8,64,478	17,99,57,263.55
62	24-Mar-23	9,79,120	21,49,66,778.00
63	23-Mar-23	9,60,310	21,10,21,345.55
64	22-Mar-23	5,10,676	11,51,27,514.65
65	21-Mar-23	11,03,687	24,92,96,775.45
66	20-Mar-23	14,78,058	33,41,01,907.40
67	17-Mar-23	65,09,567	1,52,35,27,571.65
68	16-Mar-23	31,11,846	77,11,81,070.40
69	15-Mar-23	48,73,718	1,30,00,45,326.10
70	14-Mar-23	5,87,598	16,36,80,157.70
71	13-Mar-23	12,69,260	36,95,28,148.15
72	10-Mar-23	37,60,946	1,11,59,98,865.40
73	09-Mar-23	3,83,017	10,76,42,471.55
74	08-Mar-23	13,13,374	36,98,95,627.80
75	06-Mar-23	35,46,382	1,02,76,25,816.60
76	03-Mar-23	1,81,259	4,72,36,230.75
77	02-Mar-23	1,07,292	2,72,60,886.65
78	01-Mar-23	1,94,180	4,98,53,208.40
79	28-Feb-23	70,587	1,79,98,742.65
80	27-Feb-23	1,41,066	3,55,31,002.25
81	24-Feb-23	1,52,106	3,86,39,917.25
82	23-Feb-23	1,08,216	2,77,98,782.55
83	22-Feb-23	1,49,976	3,83,57,291.75
84	21-Feb-23	2,51,354	6,68,60,359.90
85	20-Feb-23	1,31,600	3,56,76,844.95
86	17-Feb-23	1,30,894	3,63,41,967.00
87	16-Feb-23	1,68,836	4,64,47,451.95
88	15-Feb-23	1,57,874	4,29,90,618.80
89	14-Feb-23	2,21,701	6,06,26,977.45
90	13-Feb-23	3,62,649	10,07,28,515.75
<b>Total</b>		<b>6,19,56,022</b>	<b>15,54,49,91,956</b>
<b>Price</b>			<b>250.90</b>



Annexure 3

Calculation of Price Earning Capacity value method

Particular	PAT (in Lakhs)	Weights	Product ( In Lakhs)
2023	-3883.52	0.25	-970.88
2022	-8753.93	0.25	-2188.4825
2021	-3823.5	0.25	-955.875
2020	-584.53	0.25	-146.1325
2019	-530.93	0.25	-132.7325
Average Profit/(loss)			-4394.1025
Capitalisation Rate@ 12%			-36617.52083
No of shares			2639.17
Value of equity share			-13.87

--End of the report--

