

**Valuation Report**  
of  
**HILLTONE SOFTWARE AND GASES LIMITED**  
**CIN: L72200GJ1993PLC020620**

*Prepared by:*

**Vanita Agarwal**

**Registered Valuer-Securities or Financial Assets**

**IBBI No: IBBI/RV/03/2020/13582**

**Office: C311, Ram Vihar, Sector 30, Noida – 201301**

**Email: [csvanita2020@gmail.com](mailto:csvanita2020@gmail.com)**

Report Date: 10<sup>th</sup> April, 2023

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**To,**

The Board of Directors

**Hilltone Software and Gases Limited**

B/4, K B Complex, Dairy Road, Mehsana, Gujarat – 384002

**Sub: Valuation Analysis of the Equity Shares of HILLTONE SOFTWARE AND GASES LIMITED**

I refer to our engagement letter dated March 18, 2023 for carrying out the valuation of Equity Shares of Hilltone Software and Gases Limited (hereinafter referred as “Company” or “HSGL”). 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 and in terms of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), as amended from time to time, the price of the Equity Share of the Company having Face Value of Rupees 10.00 each has been arrived at Rs. 9.64. However, since the value derived is less than the nominal price of the security, the floor price shall be nominal price of the equity share i.e. Rs. 10.00. 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 HSGL 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.

Thanking You,

Yours faithfully,



Place: Noida

Date: 10<sup>th</sup> April, 2023

**Vanita Agarwal**

Registered Valuer-Securities or Financial Assets  
IBBI No: IBBI/RV/03/2020/13582

## CONTENTS

1. BACKGROUND OF THE COMPANY.....	3
2. PURPOSE.....	4
3. KEY DATES .....	4
4. IDENTITY OF VALUER AND OTHER EXPERTS INVOLVED.....	5
5. PECUNIARY INTEREST DECLARATION.....	5
6. SOURCES OF INFORMATION.....	5
7. FINANCIAL INFORMATION.....	5
8. VALUATION PARAMETERS.....	6
9. VALUATION ANALYSIS.....	7
10. CONCLUSION .....	8
11. CAVEATS, LIMITATIONS AND DISCLAIMERS.....	9
Annexure 1.....	11
Annexure 2.....	13

## 1. BACKGROUND OF THE COMPANY:

### History:

HILLTONE SOFTWARE AND GASES LIMITED (“HSGL”) is Public Limited Company incorporated under the Companies Act, 1956 on September 09, 1994, having its registered office at B/4, K B Complex, Dairy Road, Mehsana, Gujarat – 384002. The Company Identification Number (CIN) of the company is L72200GJ1993PLC020620. Equity Shares of HSGL are listed on Culcutta Stock Exchange.

### Main Object of the Company as per MOA are:

1. To carry on the business of manufacturing and dealing industrial gases like oxygen, nitrogen, carbon dioxide, acetylene, ammonia and hydrogen.
2. To carry on business as advisors and for consultants on matters and problems relating to the industries, administration, management, organisation, accountancy, costing, financial, marketing, Computer software and hardware, import, export, commercial of economic activities, labour statistical, organisation, methods, quality control and data processing, technical know-how operations, manufacture, production, storage, distribution, sale and purchase of goods, properties of and in relation to any business trade, commerce, industry, mines, agriculture, housing or real estate and upon the means, methods and procedures for the establishment, construction, development, improvement and expansion on business, trade, commerce, industry, agriculture, techniques, real estates, plants or machineries and all systems, methods, techniques, processes, principles in relation to the foregoing and to carry on business of rendering services on anyone or more or aforesaid matters.
3. To carry on the business of developing, designing, improving, rectifying, processing, importing, exporting, retailing and taking franchises of Softwares and Programming of all types including data processing, accounts, computers, aided, designs, languages, processing, financial, geographical, animation, economics, agronomics, logistics, defence, publishing and to act as trademark holders, copyright owners, license holders, for indigenous and imported softwares.
4. To manufacture, assemble, import, export, convert, process, reprocess, retail, wholesale, refit, hardware, computers, peripherals, consumables, floppies, harddisks, drives, clips, cables, magnetic heads, tapes, laser discs, printers of all types, co-processors, printed circuit boards, display tubes, micro processors and capacitors of all size and range in India and abroad.
5. To act as consultants, advisors in Software, technology, forecast, budgetary, financial and technical field.

6. To render on hire, lease or license basis the services of the electronic communication systems such as internet. email or any other type of electronic communication systems on commercial basis to trade industry and commerce, creation of portals. obtaining internet service providers. enter into business of the electronic commerce concept, enter into info-tech business.

**Capital Structure of the Company:**

Particulars	Amount (in Rs.)
<b>Authorised Share Capital</b> 50,00,000 Equity shares of Rupees 10.00 each	5,00,00,000
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b> 40,00,300 Equity shares of Rupees 10.00 each	4,00,03,000

**Board of Directors/ KMP:**

Sr. No	Name	DIN/PAN
1.	Niketbhai Mahendrabhai Shah	00278968
2.	Hitalbhai Mahendrabhai Shah	00279026
3.	Parulben Niketkumar Shah	07126594
4.	Amitkumar Trivedi	08204344
5.	Shaileshkumar Ambalal Patel	08453992
6.	Sunil Vishnuprasad Purohit	08454069
7.	Sapnaben Hitalbhai Shah	08615859
8.	Abira Idris Mansuri	CSHPM6034K
9.	Prafullbhai Rameshchandra Makvana	CKVPM4458B

**2. PURPOSE:**

HSGL intends to issue equity shares on preferential basis to meet its funding requirement. In this regard, HSGL has engaged me to carry out valuation of Equity Shares of the Company as per requirements of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), on the relevant date/valuation date being December 31, 2022.

**3. KEY DATES:**

**Appointing Authority-** Board of Director of the HSGL

**Appointment Date:** March 18, 2023;

**Valuation Date/Relevant Date:** December 31, 2022;

**Report Date:** April 10, 2023.

#### 4. IDENTITY OF VALUER AND OTHER EXPERTS INVOLVED:

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/03/2020/13582.

**Experts involved:** For the purpose of valuation of Land & Building, Mr. Parag Sheth, Registered Valuer (Land & Building) having registration number IBBI/RV/07/2019/11235 was appointed by the Company. The valuer has issued report on 05<sup>th</sup> January, 2023 with valuation reference date of 03<sup>rd</sup> January, 2023.

#### 5. PECUNIARY INTEREST DECLARATION:

I do not have pecuniary interest in the Shares of HSGL, 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 HSGL;
- Annual Report for the year ended on March 31, 2022, March 31, 2021 and March 31 2020;
- Unaudited Financial Results for the half year ended December 31, 2022;
- Valuation report dated 05<sup>th</sup> January, 2023 (Valuation reference date: 03<sup>rd</sup> January, 2023) issued by Mr. Parag Sheth, Registered Valuer (Land & Building) having registration number IBBI/RV/07/2019/11235
- 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:

##### **Financial Position of the Company as per Unaudited Financial Results as on 31<sup>st</sup> December, 2022**

<b>PARTICULARS</b>	<b>AMOUNT IN INR</b>
<b>Non-Current Assets</b>	
<b>Fixed Assets</b>	
Factory land	1,49,18,001.00
Factory Building	61,04,230.66

Machinery	1,75,19,892.01
Software	41,10,501.00
Other FA	42,24,911.39
<b>Non-current Investments</b>	
Shares (Unquoted)	2,29,000.00
Bank FD	5,80,000.00
<b>Current Assets</b>	
Closing Stock	31,36,500.00
Deposits	1,69,35,331.00
Loans & Advances	3,75,523.00
Sundry Debtors	1,29,16,052.10
Cash-in-hand	20,04,834.50
Bank Accounts	3,38,982.52
Deferred Tax Assets	1,99,181.00
Mat Credit Assets	5,84,312.00
TCS receivable	13,280.39
TDS receivable 22-23	34,981.00
<b>TOTAL ASSETS</b>	<b>8,42,25,513.57</b>
<b>Shareholders' Funds</b>	
Share Capital	4,00,03,000.00
Depreciation Funds	1,90,95,334.11
Other reserves	47,93,921.28
Profit & Loss Account for current period	46,77,313.60
<b>Loans</b>	
Bank O/D A/C	43,28,131.70
Secured Loans	29,85,990.85
Unsecured loans	18,30,308.23
<b>Current Liabilities</b>	
Duties and Taxes	1,42,523.29
Provisions	8,840.00
Sundry Creditors	31,03,676.51
Deposits	32,56,474.00
<b>TOTAL LIABILITIES</b>	<b>8,42,25,513.57</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) under Income Approach**

Income approach provides an indication of value by converting future cash flow to a single current value. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. In absence of projected financial statements, I have valued the Company under this approach using Capitalisation of the Income Method (PECV).

The profit-earning capacity value will be calculated by capitalising the average of the after-tax profits at the estimated industry price-earnings ratio. For the relevant company, I have considered forward PE as per data sets issued by Aswath Damodaran in January, 2023 for Oil/Gas Distribution Industry.

*(Source: [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datacurrent.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datacurrent.html))*

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.

## **III. Market Value:**

Pricing of infrequently traded shares as per Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) is as follows:

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

The shares of this Company are listed on Culcutta Stock Exchange, which are not traded in CSTAR since 1997, hence the trading history is not available for consideration under this method. *(Source: [https://www.cse-india.com/upload/site\\_link/ts010113.txt](https://www.cse-india.com/upload/site_link/ts010113.txt))*

## **9. VALUATION ANALYSIS:**

In terms of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) and by using the Valuation Parameters, the following is the Valuation Analysis of Equity Shares of the Company.



Sr. No.	Valuation Parameters	Value per Equity Share (in Rupees)
1.	Price Earning Capacity Value Method	3.28
2.	Net Assets Value Method	11.23
3.	Average of the weighted average market price	N.A.

**For, detailed working calculation of Value of Equity Share, please refer;**

**Annexure 1** - For Net Assets Value Method

**Annexure 2** - For Price Earning Capacity Value Method

Sr. No	Method	Value per Equity Share (in Rupees) (A)	Weights (B)	Weighted (C=A*B)
1.	Price Earning Capacity Value Method	3.28	20%	0.66
2.	Net Assets Value Method	11.23	80%	8.98
		<b>Total (D)</b>	<b>100%</b>	<b>9.64</b>
The issue price of an Equity Share cannot be less than the nominal price. Since the value derived based on above methodologies is less than the nominal price, the floor price shall be nominal price of the equity share i.e. Rs. 10.00				
<b>Floor Price (In Rupees)</b>				<b>10.00</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 prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the documents available with me but which will strongly influence the worth of a Shares. In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, I conclude as under;

Sr. No.	Provisions	Minimum Floor Price (in Rupees)
A	Floor Price in terms of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”)	<b>Rs. 10.00</b>

The issue price of an Equity Share cannot be less than the nominal price. Since the value derived based on above methodologies is less than the nominal price, the floor price shall be nominal price of the equity share i.e. Rs. 10.00. Accordingly, the Floor Price of the Equity Share of the Company having Face Value of Rupees 10.00 each in terms of Chapter V of SEBI ICDR Regulations as at Relevant date is **INR 10.00 (Rupees Ten 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 me that the information supplied to me 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 me has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the historical provided to me 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 was provided with both written and verbal information. I have, however, evaluated the information provided to me 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.

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 HSGL and my work and my finding shall not constitute a recommendation as to whether or not HSGL 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 me 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 employees of my firm make 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,

Place: Noida

Date: 10<sup>th</sup> April, 2023



**Vanita Agarwal**

Registered Valuer-Securities or Financial Assets  
IBBI No: IBBI/RV/03/2020/13582

## Valuation of Equity Shares of HSGL under NAV Method

Calculation of Net Assets Value of the Company as at 31<sup>st</sup> December, 2022

PARTICULARS	NOTE NO.	AMOUNT IN INR
<b>Non-Current Assets</b>		
<b>Fixed Assets</b>		
Factory land	1	83,95,000.00
Factory Building	1	80,69,372.00
Machinery		1,75,19,892.01
Software		41,10,501.00
Other FA		42,24,911.39
Less: Depreciation Fund	2	(1,90,95,334.11)
<b>TOTAL FIXED ASSETS</b>		<b>2,32,24,342.29</b>
<b>Non-current Investments</b>		
Shares (Unquoted)	3	2,29,000.00
Bank FD		5,80,000.00
<b>Current Assets</b>		
Closing Stock		31,36,500.00
Deposits		1,69,35,331.00
Loans & Advances		3,75,523.00
Sundry Debtors		1,29,16,052.10
Cash-in-hand		20,04,834.50
Bank Accounts		3,38,982.52
Deferred Tax Assets		1,99,181.00
Mat Credit Assets		5,84,312.00
TCS receivable		13,280.39
TDS receivable 22-23		34,981.00
<b>TOTAL ASSETS</b>		<b>6,05,72,319.80</b>
<b>Loans</b>		
Bank O/D A/C		43,28,131.70
Secured Loans		29,85,990.85
Unsecured loans		18,30,308.23
<b>Current Liabilities</b>		
Duties and Taxes		1,42,523.29
Provisions		8,840.00
Sundry Creditors		31,03,676.51
Deposits		32,56,474.00
<b>TOTAL LIABILITIES</b>		<b>1,56,55,944.58</b>
Less: Preference Share Capital/ Debentures		-
Less: Contingent Liabilities		-
<b>NET ASSET VALUE</b>		<b>4,49,16,375.22</b>
Number of Equity Shares		40,00,300
<b>Price per share</b>		<b>11.23</b>

**Notes:****1. Value of Factory Land and Factory Building:**

For the purpose of value of Factory land and Factory building, the management has provided us with the Valuation Report dated 05<sup>th</sup> January, 2023 (Valuation reference date: 03<sup>rd</sup> January, 2023) from Mr. Parag Sheth, Registered Valuer (Land & Building) having registration number IBBI/RV/07/2019/11235, accordingly, the Jantri Rates as per the report are considered for the purpose of above calculations. A comparative Table is provided below:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Book Value as on 31<sup>st</sup> December, 2022</b>	<b>Jantri Value</b>
<b>1</b>	<b>Factory Land</b>	<b>1,49,18,001.00</b>	<b>83,95,000.00</b>
<b>2</b>	<b>Factory Building</b>	61,04,230.66	
	Less: Depreciation fund created for Factory Building	(39,37,034.00)	
	<b>WDV of Factory Building</b>	<b>21,67,196.66</b>	<b>80,69,372.00</b>
	<b>Total</b>	<b>2,10,22,231.66</b>	<b>1,64,64,372.00</b>

**2. Depreciation Fund:**

In the present unaudited provisional financial statements provided by the Company, the depreciation reserve of Rs. 1,90,95,334.11 is provided separately under the shareholder's funds. To give effect of the cumulative depreciation to the assets, the amount of depreciation funds so provided is deducted from the total fixed assets.

**3. Value of Shares (non-current investments):**

The Company has made investment in shares of the Mehsana Urban Co Op Bank Ltd. (unquoted). As per management representation, the said investment is not for trading purpose, accordingly the same is considered at cost.



## Annexure 2

### Valuation of Equity Shares of HSGL under PECV Method

Amount in INR

Financial Year	Profit before tax*	Weight	Product
2021-2022	16,24,000.00	3	8,12,000.00
2020-2021	12,22,603.00	2	4,07,534.33
2019-2020	4,10,150.00	1	68,358.33
Average maintainable profits before tax			12,87,892.67
less: Tax @ statutory rate i.e. 25% plus 4% cess			3,34,852.09
<b>Average maintainable profits after tax</b>			<b>9,53,040.57</b>
Industry P/E			<b>13.78</b>
<b>Capitalised Value</b>			<b>1,31,32,899.10</b>
Less: Contingent Liability			-
<b>Equity Value</b>			<b>1,31,32,899.10</b>
Number of equity shares (actual)			40,00,300.00
<b>Valuer per share as per PECV method</b>			<b>3.28</b>

*\*Based on Audited Financial Statements for the respective year. For the year 2021-2022, the PBT reported is Rs. 16.24 Lakh, which is converted to INR for the purpose of this calculation.*

