

**Valuation Report of Shares of**

**GreteX Industries Limited**

**CIN - L17296WB2009PLC136911**

**Valuation Date: February 03, 2025**

**Valuation Report Date: February 04, 2025**



## **COMPANY OVERVIEW**

Gretex Industries Limited (“Company” or “GIL”) is an entity incorporated on July 16, 2009 under Ministry of Corporate Affairs (MCA). The Registered office of the Company is 90, Phears Lane, 5th Floor, Kolkata, West Bengal, India, 700012. The Company is a NSE (National Stock Exchange) Listed Public Limited Entity having Authorised Share Capital of Rs. 180,000,000 and Paid-up Share Capital of Rs. 148,145,600. The Current Status of the Company as per MCA Records is - Active.

Following are the directors of the Company:

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>DIN</b>
1	Alok Harlalka	02486575
2	Arvind Harlalka	00494136
3	Rajkumari Harlalka	03519046
4	Vishal Arora	07558718
5	Vivek Khandelwal	10692197
6	Vikash Kumar Agarwal	08417797

The Company carries on the business of distribution of high quality musical instruments and related products. As authorized distributors of Yamaha musical instruments, the Company serves West Bengal, Sikkim and seven North East states of India. The Company presently deals in following musical instruments of following brands:

- Yamaha
- D’Addario
- Planet Waves
- Rico
- Evans



- UNO
- Promark
- IA Stands
- Beta 3, CKS
- Gappu
- Hogar

## INDUSTRY OVERVIEW:

The musical instruments market in India is growing, driven by a rise in disposable income and a growing demand for traditional instruments. The market is expected to reach a value of USD 1,946 million by 2030.

Factors driving growth:

- Rising disposable income - As people have more money, they can afford to buy musical instruments
- Growing demand for traditional instruments -There is a growing demand for traditional instruments like the tabla drum and sitar
- Growing popularity of live music - The popularity of concerts and live musical performances is driving the market
- Growing emphasis on education - There is a growing demand for musical instruments for skill development, especially in private tutoring

Market segments

- Stringed instruments: The largest revenue generating segment in 2023
- Electronic and electromechanical instruments: These instruments can have built-in software to improve sound quality and performance
- Percussion instruments: These include the tabla drum
- Wind instruments: These are a part of the musical instrument market



## VALUATION OF SHARES

### **1. Scope and Background for Valuation**

We have been appointed by the Company on February 01, 2025 to estimate the fair value of shares of the Company as on February 03, 2025. Accordingly, the Company only is the intended user of this report. The purpose of valuation is to comply with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for further issue of shares through preferential allotment.

### **2. Disclosure of Interest**

The valuer is a registered individual valuer and does not have any sort of interest in the company. Further, the valuer is not having any type of conflicts with any party, related to the above securities.

### **3. Disclaimers and Limitations**

- i. This report has been prepared solely for limited purpose as mentioned above and should not be relied upon for any other purpose and without appreciation of the limitations under which the valuation has been carried out. We do not assume any responsibility or liability to any third party to whom the report is disclosed or



otherwise made available. Consequently, users are cautioned that this valuation Report may not be appropriate for the purposes other than as described above.

- ii. The valuation may be based on the company's unaudited records and future projections prepared by the management.
- iii. The valuer does not give any representation or warranty (express or implied) in relation to the accuracy, reasonableness and/or completeness of the information contained in this document. No responsibility or liability is accepted for any direct, indirect or consequential loss or damage suffered by any person arising there from and the same is expressly disclaimed.
- iv. As per the management, there is no contingent or any other liability which has arisen either as on or after the date of valuation which are likely to affect materially the state of the balances of accounts as on that date.
- v. For the purpose of this assignment we have relied upon and accepted the information and representations made available to us by the management of the Company and our conclusions are dependent on such information being complete and accurate in all material aspects.
- vi. Although we have ensured the appropriateness of the estimates and assumptions, we were neither required nor have we independently verified, or carried out a due diligence of the management's information and future projections (wherever



applicable) submitted to us for the purpose of this valuation. Valuation is based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered will vary from these estimates and these variations may be material. We express no opinion as to how closely the actual results will correspond to the results projected.

- vii. In furnishing this report, we reserve the right to amend or replace the report at any time. Our engagement will be governed by and construed in accordance with Laws of India. All disputes hereunder will be subject to final & binding arbitration in New Delhi, India in accordance with Arbitration & Conciliation Act, 1996 as amended.
- viii. The Company or user of this report has verified the factual accuracy of the contents of the report. In case of any discrepancy, the same must be brought to the notice of undersigned within 5 days of issuance of this report.

#### **4. Bases, Premise, Approach and Method of Valuation**

##### **Bases of Valuation**

Fair Value of shares of the Company.



### **Valuation Premise**

The valuation has been conducted on the premise of Going Concern Value.

Going concern value

It is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, the necessary licenses, marketing systems, and procedures in place etc.

Valuation by its very 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 judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.

The Fair Value of shares has been computed by considering compliance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

### **Definition of Fair Value**

Valuation Standards 2018 issued by The Institute of Chartered Accountants of India defines Fair Value as:



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. Fair value is the price in an orderly transaction in the principal (or most advantageous) market at the valuation date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value is usually synonymous to market value except in certain circumstances where characteristics of an asset translate into a special asset value for the party(ies) involved.

### **Price**

Fair value assumes that the price is negotiated in a free market (which may be domestic or international). Fair value reflects characteristics of an asset which are available to market participants in general and do not consider advantages/ disadvantages which are available/applicable only to particular participant(s).

The price in the principal (or most advantageous) market used to measure the fair value of the asset shall not be adjusted for transaction costs. To this end, a market in which the volume and level of activities is high, or one in which the realisation from an asset is maximum, is considered.

### **Orderly transaction**

Orderly transaction is a transaction that assumes exposure to the market for a period before the valuation date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities and it is not a forced transaction. The length of exposure time will vary according to the type of asset and market conditions.





### **Market participants**

Market participants are willing buyers and willing sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics:

- (a) they are independent of each other, that is, they are not related parties as defined under applicable accounting framework and set of reporting/ accounting standards therein, although the price in a related party transaction may be used as an input to a fair value measurement if the entity has evidence that the transaction was entered into at market terms;
- (b) they are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information, including information that might be obtained through due care that is usual and customary;
- (c) they are able to enter into a transaction for the asset or liability; and
- (d) they are willing to enter into a transaction for the asset or liability, i.e., they are motivated but not forced or otherwise compelled to do so.

### **Valuation Approaches**

#### **Market Approach**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

The following are some of the instances where a valuer applies the market approach:



- (a) where the asset to be valued or a comparable or identical asset is traded in the active market;
- (b) there is a recent, orderly transaction in the asset to be valued; or
- (c) there are recent comparable orderly transactions in identical or comparable asset(s) and information for the same is available and reliable.

### **Cost Approach**

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

In certain situations, historical cost of the asset may be considered by the valuer where it has been prescribed by the applicable regulations/law/guidelines or is appropriate considering the nature of the asset.

Examples of situations where a valuer applies the cost approach are:

- (a) an asset can be quickly recreated with substantially the same utility as the asset to be valued;
- (b) in case where liquidation value is to be determined; or
- (c) income approach and/or market approach cannot be used

The following are the two most commonly used valuation methods under the Cost approach:

- (a) Replacement Cost Method; and



(b) Reproduction Cost Method.

### **Income Approach**

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.

The following are some of the instances where a valuer applies the income approach:

- (a) where the asset does not have any market comparable or comparable transaction;
- (b) where the asset has fewer relevant market comparable; or
- (c) where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.

Some of the common valuation methods under income approach are as follows:

- (a) Discounted Cash Flow (DCF) Method;
- (b) Relief from Royalty (RFR) Method;
- (c) Multi-Period Excess Earnings Method (MEEM);
- (d) With and Without Method (WWM);
- (e) Comparable Companies Multiple Method or Price Earnings Multiple Method and;
- (f) Option pricing models such as Black-Scholes-Merton formula or binomial (lattice) model.



A valuer can make use of one or more of the processes or methods available for each approach. The appropriateness of a valuation approach for determining the value of an asset would depend on valuation bases and premises. In addition, some of the key factors that a valuer shall consider while determining the appropriateness of a specific valuation approach and method are:

- (a) nature of asset to be valued;
- (b) availability of adequate inputs or information and its reliability;
- (c) strengths and weakness of each valuation approach and method; and
- (d) valuation approach/method considered by market participants.

### **Method Adopted**

The Company being a listed company, we have considered the valuation regulations applicable to preferential issue of Equity Shares as defined in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the requirements of the Articles of Association of the Company and the provisions of the Companies (Share Capital and Debentures) Rules, 2014 (as amended).

SEBI Regulations for requirement of Valuation:

### **Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, As amended**

The relevant regulations are reproduced as under:



***Regulation 164 (1) - Pricing of frequently traded shares***

*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.*

***Regulation 166A(1) - Other conditions for pricing***

*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:*

*Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price*



*determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:*

*Provided further that if any 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.*

Accordingly Fair Value of Equity Shares has been determined as **higher** of the following:

- 1) Value as per Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- 2) Value as determined by independent registered valuer which shall be the Weighted average of Net Asset Method or Summation Method (Cost Approach) and Price Earning Multiple Method (Income Approach).

Compliance with International Valuation Standards and Valuation Standards issued by The Institute of Chartered Accountants of India has been ensured while preparing this report.

Significant Limitations and Additional Disclaimers

For determining the value as per independent registered valuer, the Company has provided us the unaudited abridged financial statements as on September 30, 2024 as financial statements as on valuation date were not available. Hence, due to the lack of financial



statements as on the valuation date we have considered the book values as on the last available financial statements i.e. September 30, 2024 as the proxy for the financial position as on the valuation date. Our valuation report may change post availability of such information.

Discounted Cash Flow Method has not been used considering future cash flow projections were not available and could not be reliably estimated. There are no listed companies in the similar industry hence valuer's judgement has been used for using PE multiple.

We have been informed that the proposed transaction (issue of equity shares) will not result in change in control of the Company. Hence guidance on control premium is not considered under Regulation 166A.

## **5. Source of Information**

For the purpose of valuation, we have relied on the following information made available to us by the management:

- i. Audited Financial Statements as on March 31, 2024;
- ii. Unaudited Financial Statements as on September 30, 2024;
- iii. MOA and AOA of the Company;
- iv. Other relevant details regarding the Companies such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;



- v. Such other information and explanations as we required and which have been provided by the management.

Additionally, we have relied on the data as made available for public by Ministry of Company Affairs (MCA) and National Stock Exchange (NSE) through its website. Since the Company is listed on NSE only, market data has been considered from NSE only.

## **6. Valuation of Shares**

### **As per Regulation 164 of SEBI, ICDR**

Higher of the following:

- i) the 90 trading days volume weighted average price of the equity shares quoted on NSE preceding the valuation date i.e. Rs. 236.19 (Refer Annexure 1)
- ii) the 10 trading days volume weighted average price of the equity shares quoted on NSE preceding the valuation date i.e. Rs. 211.88 (Refer Annexure 1)

Accordingly, Value of the equity share as per Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as on valuation date has been considered as Rs. 236.19 per equity share.

### **Value as determined by independent registered valuer**

Net Asset Value Method - We have considered the latest available balance sheet of the Company as on 30 September 2024 and have computed net worth per equity shares of the Company. Our calculations are given below:





**Valuation as per Net Asset Value Method:**

Particulars	Amount (Rs. In Lakhs)
<b>Non Current Assets</b>	<b>1,452.32</b>
Property, Plant & Equipments	60.28
Financial Assets - Investments	1,347.62
Deferred Tax Assets (Net)	14.04
Other Non Current Assets	30.38
<b>Current Assets</b>	<b>2,151.08</b>
Inventories	857.33
Trade Receivable	503.92
Cash and Cash equivalents	24.24
Short Term Loans and Advances	680.97
Other Current Assets	84.62
<b>Total Book Value of Assets (A)</b>	<b>3,603.40</b>
<b>Non Current Liabilities</b>	<b>157.94</b>
Minority Interest	144.61
Long Term Provisions	13.33
<b>Current Liabilities</b>	<b>1,045.66</b>
Short Term Borrowings	741.10
Trade Payables	79.33
Other Financial Liabilities	108.74
Short Term Provisions	116.49
<b>Total Book Value of External Liabilities (B)</b>	<b>1,203.60</b>
<b>Net Asset Value (A-B)</b>	<b>2,399.81</b>
<b>Number of Equity Shares Outstanding as on 30-Sep-24 (No. in Lakhs)</b>	<b>148.15</b>
<b>Equity Value Per Share (In Rs.)</b>	<b>16.20</b>

Accordingly, we have computed the value under Net Asset Method (Cost Approach) as on September 30, 2024 and consequently as on valuation date to be Rs. 16.20 per equity share.

Price Earning Multiple Method - Under this approach, we have computed fair value per equity share using PE Multiple. The PE multiple has been considered based on similar industries and experience of valuer:



Computation of fair value using Price Earning multiple:

S.no.	Particulars	Unit	Value
1	Average PAT for last 2 years	Rs. in Lakhs	709.84
2	Price Earning multiple	X	30.00
3	<b>Enterprise Value (1) * (2)</b>	<b>Rs. in Lakhs</b>	<b>21,295.20</b>
4	Less: Long Term Debt	Rs. in Lakhs	(741.10)
5	Add: Cash and Cash Equivalents	Rs. in Lakhs	24.24
6	<b>Net Equity Value (3) - (4) + (5)</b>	<b>Rs. in Lakhs</b>	<b>20,578.34</b>
7	No. of Equity Shares as on valuation date	Lakhs	148.15
	<b>Value per Equity Share (6) / (7) Rs.</b>		<b>138.91</b>

Therefore, value of the equity share using Price Earnings Multiple Method as on valuation date has been estimated to be **Rs. 138.91 per equity share.**

**Weighted Average Value of Shares:**

Valuation Method	Approach	Value per Share	Weight	Value * Weight
Net Asset Method	Cost Approach	16.20	0.50	8.10
Comparable Companies Multiple Method	Income	138.91	0.50	69.45
<b>Value per Share as determined by independent registered valuer</b>				<b>77.55</b>

Therefore, considering the limitations as specified above Value as determined by independent registered valuer (Weighted average of Net Asset Method and Price Earnings Multiple Method) as on valuation date has been considered as **Rs. 77.55 per equity share.**

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## 7. Value Conclusion

Valuation Method		Value per share
Value as per Regulation 164 of SEBI,	A	236.19
Value as determined by independent registered valuer	B	77.55
<b>Higher of A and B</b>		<b>236.19</b>

To the best of our knowledge and understanding, and relying upon the information and assumptions as mentioned above the value per equity share of the Company works out to be **Rs. 236.19 (Rupees Two hundred Thirty Six and paise Nineteen only) per equity share** as on February 03, 2025.



Ankush Garg  
Independent Registered Valuer  
Securities or Financial Assets  
IBBI Reg. No.: IBBI/RV/02/2018/10010  
ICAI M. No. 514204  
PAN – AHRPG4914B

VRN: **IOV/2024-2025/8722**  
UDIN: **25514204BMKTPT4582**

Date: February 04, 2025  
Place: New Delhi

**Annexure 1**

**Volume Weighted Average Price for 90 Trading Days:**

Day No.	Date	WAP	No. of Shares	Total Turnover
1	03-Feb-25	219.00	221	48,399
2	01-Feb-25	212.35	219	46,505
3	31-Jan-25	202.65	213	43,114
4	30-Jan-25	213.30	203	43,225
5	29-Jan-25	-	-	-
6	28-Jan-25	-	-	-
7	27-Jan-25	-	-	-
8	24-Jan-25	-	-	-
9	23-Jan-25	-	-	-
10	22-Jan-25	-	-	-
11	21-Jan-25	-	-	-
12	20-Jan-25	-	-	-
13	17-Jan-25	224.50	213	47,886
14	16-Jan-25	228.90	225	51,388
15	15-Jan-25	-	-	-
16	14-Jan-25	-	-	-
17	13-Jan-25	-	-	-
18	10-Jan-25	-	-	-
19	09-Jan-25	-	-	-
20	08-Jan-25	-	-	-
21	07-Jan-25	-	-	-
22	06-Jan-25	-	-	-
23	03-Jan-25	-	-	-
24	02-Jan-25	-	-	-
25	01-Jan-25	-	-	-
26	31-Dec-24	-	-	-
27	30-Dec-24	240.95	229	55,153
28	27-Dec-24	-	-	-
29	26-Dec-24	-	-	-
30	24-Dec-24	253.60	241	61,105
31	23-Dec-24	-	-	-
32	20-Dec-24	-	-	-
33	19-Dec-24	-	-	-
34	18-Dec-24	-	-	-
35	17-Dec-24	-	-	-
36	16-Dec-24	-	-	-



*Gretex Industries Limited*  
*Valuation of Shares as on February 03, 2025*

37	13-Dec-24	-	-	-
38	12-Dec-24	-	-	-
39	11-Dec-24	-	-	-
40	10-Dec-24	-	-	-
41	09-Dec-24	-	-	-
42	06-Dec-24	-	-	-
43	05-Dec-24	-	-	-
44	04-Dec-24	-	-	-
45	03-Dec-24	-	-	-
46	02-Dec-24	-	-	-
47	29-Nov-24	-	-	-
48	28-Nov-24	-	-	-
49	27-Nov-24	-	-	-
50	26-Nov-24	-	-	-
51	25-Nov-24	-	-	-
52	22-Nov-24	-	-	-
53	21-Nov-24	-	-	-
54	20-Nov-24	-	-	-
55	19-Nov-24	258.75	254	65,619
56	18-Nov-24	-	-	-
57	14-Nov-24	-	-	-
58	13-Nov-24	-	-	-
59	12-Nov-24	258.75	259	66,952
60	11-Nov-24	-	-	-
61	08-Nov-24	264.00	259	68,310
62	07-Nov-24	-	-	-
63	06-Nov-24	276.25	263	72,654
64	05-Nov-24	263.10	276	72,681
65	04-Nov-24	250.60	263	65,933
66	01-Nov-24	238.70	251	59,818
67	31-Oct-24	227.35	239	54,268
68	30-Oct-24	221.90	233	51,692
69	29-Oct-24	233.50	222	51,837
70	28-Oct-24	-	-	-
71	25-Oct-24	-	-	-
72	24-Oct-24	-	-	-
73	23-Oct-24	-	-	-
74	22-Oct-24	-	-	-
75	21-Oct-24	233.50	234	54,522
76	18-Oct-24	-	-	-



77	17-Oct-24	-	-	-
78	16-Oct-24	-	-	-
79	15-Oct-24	-	-	-
80	14-Oct-24	-	-	-
81	11-Oct-24	-	-	-
82	10-Oct-24	-	-	-
83	09-Oct-24	235.70	234	55,036
84	08-Oct-24	-	-	-
85	07-Oct-24	-	-	-
86	04-Oct-24	224.50	236	52,915
87	03-Oct-24	-	-	-
88	01-Oct-24	213.85	225	48,009
89	30-Sep-24	-	-	-
90	27-Sep-24	203.70	214	43,561
<b>Total</b>			<b>5,422</b>	<b>1,280,582</b>

**Volume Weighted Average Price for 90 Trading Days**

Traded Turnover	1,280,582
No. of shares traded	5,422
Volume Weighted average price for 90 trading days	236.19

**Volume Weighted Average Price for 10 Trading Days:**

Day No.	Date	WAP	No. of Shares	Total Turnover
1	03-Feb-25	219.00	221	48,399
2	01-Feb-25	212.35	219	46,505
3	31-Jan-25	202.65	213	43,114
4	30-Jan-25	213.30	203	43,225
5	29-Jan-25	-	-	-
6	28-Jan-25	-	-	-
7	27-Jan-25	-	-	-
8	24-Jan-25	-	-	-
9	23-Jan-25	-	-	-
10	22-Jan-25	-	-	-
<b>Total</b>			<b>855</b>	<b>181,243</b>

**Volume Weighted Average Price for 10 Trading Days**

Traded Turnover	181,243
No. of shares traded	855
Volume Weighted average price for 10 trading days	211.88

