



Gorani Industries Ltd.

CIN : L28121MP1995PLC009170
GSTIN : 23AAACG6274B1Z2

Regd. Office :

Plot No. 32-33, Sector-F, Sanwer Road, Industrial Area,
Indore-452 015 (M.P.) India

Admin. Office :

1st Floor, B-15 Pologround, Indore - 452 015 (M.P.)

Phone : 0731-2723201-3

Email : goraniindustriesltd@gmail.com

Website : www.goraniindustries.com

To,
The Chief General Manager
Listing Operation,
BSE Limited,
20th Floor, P.J. Towers,
Dalal Street,
Mumbai – 400001

Date: 07.04.2023

Place: Indore

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of merger of Blow Hot Kitchen Appliances Private Limited with Gorani Industries Limited

Reference: Query dated 03rd April, 2023

In connection with the above application, please find attached herewith Addendum Letter to Valuation Report dated 06th April, 2023 of M/s. BDO Valuation Advisory LLP, Registered Valuer regarding response to the query dated 03rd April, 2023.

Thanking You

Yours faithfully

For **Gorani Industries Limited**

Sachi Samaria

(Company Secretary and Compliance Officer)

Addendum Letter to Valuation Report

April 2023



Tel: +91 22 6228 0817

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The Ruby, Level 9, North West Wing,
Senapati Bapat Marg, Dadar (W),
Mumbai 400028, INDIA

Ref. No.: SD/Apr6-1/2023

April 06, 2023

To,

The Board of Directors
Gorani Industries Limited
Plot No. 32-33, Sector F,
Sanwer Road, Industrial Area,
Indore - 452 015.

The Board of Directors
Blow Hot Kitchen Appliances Private Limited
Industrial Estate Pologround,
Indore - 452 015.

Dear Sir(s)/ Madam(s),

Sub: BSE Listing Centre Query

We, BDO Valuation Advisory LLP ("BDO Val" or "We" or "Us"), have been appointed by Gorani Industries Limited ("GIL" or "Transferee Company" or "the Client") vide Addendum Engagement Letter dated December 19, 2022 to revise the valuation of equity shares and determine the fair share swap ratio considering financial statements as on December 31, 2022 for the proposed merger of Blow Hot Kitchen Appliances Private Limited ("BHKAPL" or "Transferor Company") into GIL on a going concern basis, as per the revised Proposed Scheme of Arrangement pursuant to provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Proposed Scheme").

In this regard, we had issued Report dated February 07, 2023 bearing its reference number SD/Feb7-117/2023 and Valuation Annexure dated February 07, 2023 bearing its reference number SD/Feb7-118/2023 and Addendum Letter to Valuation Report dated February 21, 2023 bearing its reference number SD/Feb21-123/2023, recommending the Fair Share Swap Ratio for the Proposed Scheme.

Further, with reference to the above-mentioned Report, we have received certain observations / queries from BSE Limited, as replied to below.

This addendum to report shall be read in conjunction to the Valuation Report, Valuation Annexure and Addendum Letter to Valuation Report. All other terms & conditions and other contents mentioned in the Valuation Report shall remain unchanged and would apply to this clarification to the Valuation Report as well.

Regards,

For BDO Valuation Advisory LLP
IBBI No.: IBBI/RV-E/02/2019/103



VRN Number: IOVRF/BDO/2022-2023/1389

Swanand Kishor Deshpande

Partner

IBBI No.: IBBI/RV/05/2019/11148

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Head Office: The Ruby, Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai 400028, INDIA | Tel: +91 22 6228 0817

- 1) *“It is observed that the registered valuer has considered Income Approach to derive at the relative value of GIL. From the workings, submitted by the valuer it is observed that the EBITDA for the year 2023 is 8.8mn, PAT for the year 2024 is 82 mn., PAT for the 2025 is 99.4 mn., PAT for the year 2026 is 116.9 mn and PAT for the year 2027 is 136.9mn. In this regard, kindly provide clarification for such substantial increase in PAT projected by the valuer along with working and supporting documents.”*

Our response to the same is as below:

We would like to clarify that the figures of INR 82.0 Mn. for FY24, INR 99.4 Mn. for FY25, INR 116.9 Mn. for FY26 and INR 136.9 Mn. for FY27, are projected EBITDA numbers. Further, we would like to clarify that the EBITDA of INR 8.8 Mn. is for the projected period January 01, 2023 to March 31, 2023 and the EBITDA for FY23 is INR 44.4 Mn.

Revenue:

Historically, for the period FY18 to FY22, GIL achieved a revenue CAGR of ~ 9.1%, and during the projected period (FY23 to FY27), the management is estimating to grow at a revenue CAGR of ~ 20.4%. We understand from the management, this future growth will be achieved by GIL based on additional contribution of current customers and the addition of further customers in the projected period and basis there will be additional sales volume of gas hobs, gas stoves, range hoods, and gas geysers.

EBIDTA:

During FY22, GIL achieved an EBITDA margin (%) of ~ 10.3% which is expected to increase to ~ 12.3%, in FY27 The improvement in the EBDITA margins (%) are on account of benefits of economies of scale.

Particulars	Actual					Projected				
	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Revenue (INR Mn.)	203.2	204.2	214.3	184.0	287.6	529.3	703.0	834.3	972.6	1,112.8
EBITDA (INR Mn.)	10.2	11.6	14.0	12.6	29.6	44.4	82.0	99.4	116.9	136.9
EBITDA Margin (%)	5.0%	5.7%	6.5%	6.9%	10.3%	8.4%	11.7%	11.9%	12.0%	12.3%

- 2) *“Further, it is observed that the registered valuer has considered Income Approach to derive at the relative value of BHKAPL. From the workings, submitted by the valuer it is observed that the EBITDA for the year 2023 is 16.3mn, PAT for the year 2024 is 118.9 mn., PAT for the 2025 is 156.2 mn., PAT for the year 2026 is 181.1 mn and PAT for the year 2027 is 210.2 mn. In this regard, kindly provide clarification for such substantial increase in PAT projected by the valuer along with working and supporting documents.”*

Our response to the same is as below:

We would like to clarify that the figures of INR 118.9 Mn. for FY24, INR 156.2 Mn. for FY25, INR 181.1 Mn. for FY26 and INR 210.2 Mn. for FY27, are projected EBITDA numbers. Further, we would like to clarify that the



EBITDA of INR 16.3 Mn. is for the projected period January 01, 2023 to March 31, 2023 and the EBITDA for FY23 is INR 31.3 Mn.

Revenue:

Historically, for the period FY18 to FY22, BHKAPL achieved a revenue CAGR of ~ 45.8%, and during the projected period (FY23 to FY27), the management is estimating to grow at a revenue CAGR of ~ 20.5%. We understand that in FY22, BHKAPL witnessed a substantial growth of 96.5% (Y-o-Y%) in its revenue as it began to cater to additional states and with the addition of e-commerce channel.

EBITDA:

Historically, for the period FY18 to FY22, BHKAPL achieved an average EBITDA margin (%) of ~ 12.8%. However, during FY22 the EBITDA margin (%) of BHKAPL dropped to ~ 1.8%, as BHKAPL entered into new states and incurred additional expenses for selling & marketing to increase its brand presence, in the new states. On account of these additional expenses, BHKAPL was able to achieve the substantial growth of 96.5% (Y-o-Y%) in its revenue, in FY22. These expenses are investments made to augment for additional future growth in revenue, which will translate into better EBITDA margins (%) in the future, in line with the past average EBITDA margins (%) of ~ 12.8%.

Particulars	Actual					Projected				
	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Revenue (INR Mn.)	102.3	94.6	126.5	235.1	461.9	1,001.0	1,375.8	1,640.4	1,888.2	2,112.5
EBITDA (INR Mn.)	15.2	20.1	13.4	36.2	8.2	31.3	118.9	156.2	181.1	210.2
EBITDA Margin (%)	14.8%	21.3%	10.6%	15.4%	1.8%	3.1%	8.6%	9.5%	9.6%	10.0%

- 3) "Kindly ask the valuer to submit listed comparable companies considered by the valuer and basis of selection of such companies to derive at the value per share of GIL and BHKAPL under CCM Method of Market approach."

Our response to the same is as below:

The following companies based on their similar business as that of GIL and BHKAPL, operating in the kitchen appliance business, have been considered to derive the value per share under the CCM Method of Market Approach.

Sr. No.	Company Name
1	Butterfly Gandhimathi Appliances Limited
2	Jaipan Industries Limited
3	Stove Kraft Limited
4	TTK Prestige Limited

