



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 : 0731-2723202-3
Email : goraniindustriesltd@gmail.com
Website : www.goraniindustries.com

9th May, 2023

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

Dear Sir,

Sub: Application for obtaining No Objection letter for the Scheme of Amalgamation between Blow hot Kitchen Appliances Private Limited (Transferor Company) and Gorani Industries Limited (Transferee Company) pursuant to Regulation-37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

This is in reference to above mentioned subject, we would like to pointwise clarify the following queries raised by Securities and Exchange Board of India regarding Scheme of Amalgamation between Blow Hot Kitchen Appliances Private Limited (Transferor Company) and Gorani Industries Limited (Transferee Company) :

1. Balance sheet of the transferee company prior to and after the scheme.

Reply: The pre-merger and post-merger Balance sheet of the Transferee Company is attached herewith as “**Annexure A**”

2. Detailed reasons from the valuer regarding assuming 20.5% CAGR in revenue and PAT of transferor and Transferee Company.

Reply: Please refer the attached reply received from registered valuer namely, BDO Valuation Advisory LLP as “**Annexure B**”

3. Valuation pertaining to NCRPS being allotted to the shareholders of Transferor Company.

Reply: Please refer the attached reply received from registered valuer namely, BDO Valuation Advisory LLP as “**Annexure B**”

4. Reconciliation of share capital pre and post scheme

Reply: Reconciliation of share capital capturing pre-merger shareholding, shares issued pursuant to merger and post-merger shareholding is attached herewith and marked as “**Annexure C**”

For Gorani Industries Limited

(Director)



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5. Increase in the value of promoters of Transferee Company as a result of the scheme.

Reply: All shareholders of the Transferor Company are Promoters of the Transferee Company. Pursuant to the merger and basis the swap ratio issued by the registered valuer namely, BDO Valuation Advisory LLP, 27,32,498 equity shares and 22,00,000 Non-Convertible Redeemable Preference Shares ('NCRPS') are proposed to be issued to the shareholders of the Transferor Company. Since the proposed Scheme is merger of Transferor Company (owned by promoters) with Transferee Company, pursuant to merger, the promoters are receiving shares of Transferee Company for the value of shares of Transferor Company. Accordingly, as such, there is no increase in the value in the hands of promoters of the Transferee Company.

I hereby confirm that the information provided in the above clarifications and enclosures is true and correct.

Thanking You

Yours faithfully

For Gorani Industries Limited

For Gorani Industries Limited

(Director)

Nakul Gorani

(Holding DIN- 06543317)

(Whole-time Director)



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Enclosed:

Sr. No	Particulars	Annexure	Page Number
1	Pre and Post Merger Balance Sheet of the Transferee Company	A	1 - 1
2	Response of the registered valuer, BDO Valuation Advisory LLP	B	2 - 5
3	Reconciliation of share capital pre and post scheme	C	6 - 6

For Gorani Industries Limited

(Director)

Pre and post Merger Balance Sheet
Annexure - A of Transferee Company

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(Amounts in Lakhs)

Sr. No	Particulars	Gorani Industries (T'ree Co.)	Blow Hot (T'ror Co.)	Merged Co.
A	<u>Equity & Liabilities</u>			
1	<u>Shareholders' funds</u>			
a	Share Capital	487.51	25.00	487.51
b	Equity Share Issued upon Merger			273.25
c	NCRPS Issued upon Merger			220.00
d	Reserves & Surplus	479.53	646.74	1,126.27
e	Reserves Arising upon Merger			-468.25
2	<u>Non-Current Liabilities</u>			
a	Long-Term Borrowings	73.00	240.01	313.01
b	Long-Term Provisions	11.94	40.29	52.23
c	Deferred Tax Liabilities	19.99	-	19.99
d	<u>Current Liabilities</u>			
3	Financial Liabilities - Borrowings	677.48	335.42	1,012.90
a	Trade Payables	207.16	646.77	853.93
b	Other Financial Liabilities	47.34	-	47.34
c	Short term provisions		129.25	129.25
d	Other Current Liabilities	51.74	130.10	181.84
e	Current Tax Liability (Net)	24.96	-	24.96
	Total	2,080.65	2,193.58	4,274.23
B	<u>ASSETS</u>			
	<u>Non-Current Assets</u>			
1	Property Plant & Equipment	334.20	201.67	535.87
a	Capital Work in Progress	2.19	144.17	146.36
b	Deferred Tax Assets	-	34.36	34.36
c	Long-term loans and advances	-	11.27	11.27
d	Other Non-Current Assets	5.09	68.33	73.42
e	<u>Current Assets</u>			
2	Inventories	953.54	817.83	1,771.37
a	Trade Receivables	505.66	571.10	1,076.76
b	Cash & Cash Equivalents	155.13	189.22	344.35
c	Short term loans & advances	-	155.43	155.43
d	Other Current Financial Assets	3.67	-	3.67
e	Other current assets	121.17	0.20	121.37
	Total	2,080.65	2,193.58	4,274.23

Note : Please note that after 31st March, 2022, the Transferee Company has converted 4,87,500 warrants into same number of equity shares as on 2nd April, 2022. Current post merger balance sheet is prepared without giving effect to conversion of share warrants. On the Basis of the above, the paid up Share Capital of the Transferee Entity stand increased to INR 8,09,50,980/-



For Sandeep Surendra Jain & Co.
Chartered Accountants

For Gorani Industries Limited

(Sandeep Jain)
Partner

(Signature)

(Director)

Addendum Letter to Valuation Report

May 2023



Tel: +91 22 6228 0817

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

Ref. No.: SD/May41/2023

May 04, 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: SEBI 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, Valuation Annexure dated February 07, 2023 bearing its reference number SD/Feb7-118/2023, Addendum Letter to Valuation Report dated February 21, 2023 bearing its reference number SD/Feb21-123/2023 and Addendum Letter to Valuation Report dated April 06, 2023 bearing its reference number SD/Apr6-1/2023, 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 the Securities and Exchange Board of India (“SEBI”), as replied to below.

This addendum to report shall be read in conjunction to the Valuation Report, Valuation Annexure and Addendum Letters to the 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

Swanand Kishor Deshpande
Partner

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



- 1) *“Detailed reasons from the valuer regarding assuming 20.5% CAGR in revenue and PAT of transferor and transferee company.”*

Our response to the same is as below:

We would like to clarify that the revenue of GIL is projected to grow at a CAGR of ~ 20.4% and the revenue of BHKAPL is projected to grow at a CAGR of ~ 20.5%. Further, for the current valuation exercise we have considered the Free Cash Flow to the Firm (“FCFF”) method, which is based on Earnings Before Interest, Tax and Depreciation & Amortization (“EBITDA”) and not Profit after Tax (“PAT”).

With regard to GIL, we understand from the management, the future growth will be achieved 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.

With regard to BHKAPL, we understand from the management, the company had recently increased its distribution network by entering into 5 additional states, tying up with modern trade distribution channels like Vijay Sales, DMart, Lotus, Pai, Sarvana and selling through e-commerce channels like Amazon, Flipkart, Pepperfry and Snapdeal, the benefits of which would be achieved in the future years.



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2) "Valuation pertaining to NCRPS being allotted to the shareholders of transferor company."

Our response to the same is as below:

Coupon Rate (% p.a.)	0.001%
Face Value (INR per share)	10.0
Redemption Tenure (No. of years)	20.0
Redemption Premium (IRR on Issue Price)	13.0%

Particulars (INR per share)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Coupon Payments	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
Redemption Value										
Total Payments	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
Cumulative Period (in years)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Present Value Factor	13.0%	0.9	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.3
Present Value of Total Payments	0.0001	0.0001	0.0001	0.0001	0.0001	0.00005	0.00004	0.00004	0.00003	0.00003

Particulars (INR per share)	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Coupon Payments	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
Redemption Value										2,431.4
Total Payments	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	2,431.4
Cumulative Period (in years)	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0
Present Value Factor	13.0%	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Present Value of Total Payments	0.00003	0.00002	0.00002	0.00002	0.00002	0.00001	0.00001	0.00001	0.00001	211.0
Fair Value (INR per share)	211.0									



Reconciliation of share capital

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Pre and Post Scheme

Annexure - C

Particulars	Pre-Merger				Shares issued pursuant to merger				Post-Merger			
	Blowhot Kitchen		Gorani Industries		Gorani Industries Limited				Gorani Industries Limited			
	No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%	No. of NCRPS	%	No. of Equity Shares	%	No. of NCRPS	%
A) Promoter & Promoter Grp												
Smt Shanta Devi Gorani	100	0.4%	10,42,000	19.4%	10,930	0.4%	8,800	0.4%	10,52,930	13.0%	8,800	0.4%
Shri Narendra Gorani	6,225	24.9%	8,01,800	15.0%	6,80,392.00	24.9%	5,47,800	24.9%	14,82,192	18.3%	5,47,800	24.9%
Shri Sanjay Gorani	6,225	24.9%	10,41,800	19.4%	6,80,392.00	24.9%	5,47,800	24.9%	17,22,192	21.3%	5,47,800	24.9%
Shri Nakul Gorani	6,225	24.9%	2,22,862	4.2%	6,80,392.00	24.9%	5,47,800	24.9%	9,03,254	11.2%	5,47,800	24.9%
Manju Gorani			40,100	0.7%					40,100	0.5%	-	
Geet Gorani	6,225	24.9%	1,87,500	3.5%	6,80,392.00	24.9%	5,47,800	24.9%	8,67,892	10.7%	5,47,800	24.9%
Hema Gorani			2,500	0.0%					2,500	0.0%		
A) Promoter & Promoter G	25,000	100.0%	33,38,562	62.3%	27,32,498	100.0%	22,00,000	100.0%	60,71,060	75.0%	22,00,000	100.0%
B) Public Shareholder			20,24,038	37.7%					20,24,038	25.0%		
C) New Investor												
Total	25,000	100.0%	53,62,600	100.0%	27,32,498	100%	22,00,000	100%	80,95,098	100.0%	22,00,000	100%

For Gorani Industries Limited


(Director)