

**BUSINESS VALUATION REPORT**  
**OF**  
**SAGAR SOYA PRODUCTS LIMITED**

**Prepared by:**

**Ravindra Dhakar & Associates.**

**Date: 21<sup>st</sup> February, 2018**

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## INTRODUCTION

We refer to our engagement letter dated 14.02.2018 confirming our appointment as independent valuer of shares of SAGAR SOYA PRODUCTS LIMITED.

The registered office of SSPL is situated at 32, Vyapar Bhavan, P.D. Mello Road, Masjid Bunder (e), Mumbai- 400009. The Company's equity shares are listed on BSE Limited. The Company is presently engaged in the business of extraction of soya oil.

In the following paragraphs, we have summarised our Valuation analysis of the business of the above Company.

## PURPOSE OF VALUATION

The Management of Sagar Soya Products Limited is considering a Capital Reduction Scheme under the provisions of section 66 and other applicable provisions of the Companies Act, 2013. The scheme provides for re-organization and reduction of equity share capital of SSPL.

We Ravindra Dhakar & Associates., Chartered Accountants, have been appointed by the Management to arrive at the fair value of equity shares of SSPL for the proposed Capital Reduction Scheme in compliance with the provisions of SEBI Circular.

## VALUATION DATE

The analysis of fair value of the equity shares of SSPL has been carried out as on the appointed date of Capital Reduction Scheme i.e. 01<sup>st</sup> April, 2017.

## SOURCE OF INFORMATION

For the valuation exercise, we have relied on the following sources of information:

1. Interview and discussion with the management team of SSPL.
2. Information provided by the company's management including
  - a. Audited Financial Statement and tax & other records of SSPL for the last three completed financial years.
  - b. The details and documents pertaining to assets and liabilities as required by SSPL as on 31<sup>st</sup> March, 2017.
  - c. The details of transactions and documents for the events happening after the date on 1<sup>st</sup> April, 2017 to understand and see if there are any material transactions that may have a material impact on the valuation.



3. Other written/ verbal information given to us by the Management.
4. Shareholding Pattern of SSPL on Valuation date.

## COMPANY BACKGROUND AND PRESENT STATUS

The company, **SAGAR SOYA PRODUCTS LIMITED**, means a Company incorporated under the Companies Act, 1956, on 27th September, 1982, in the name and style “**SAGAR SOYA PRODUCTS PRIVATE LIMITED**” and subsequently the name of the company was changed to **SAGAR SOYA PRODUCTS LIMITED** ' vide fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies on 15th September, 1984. The company is into extraction of Soya Oil. They have a plant in Sagar, Madhya Pradesh. From past 3 years their operations are only related to undertaking job work and not trading.

As represented by Management, the share capital structure of the company as on the Valuation Date is as under:

Particulars	INR
<b>Authorized Capital</b>	
10,000,000 Equity Shares of Re. 10 each	100,000,000.00
<b>Issued, Subscribed and Paid up Capital</b>	
58,51,689 Equity Shares of Re. 10 each	58,516,890.00
<b>Total</b>	<b>58,516,890.00</b>

## VALUATION TECHNIQUES

By its very nature, valuation work cannot be regarded as an exact science and, given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions which have to be made. There can therefore be no standard formulae to establish an indisputable value, although certain appropriate formulae are useful in establishing reasonableness.

The basic valuation methodologies adopted for the purpose are namely:

1. Asset based approach;
2. Market based approach; and
3. Income based approach.

### *A) Asset Based Approach*

The Asset based approach considers the Net Asset value, Replacement value or Realisable value as an indication of the fair market value of that asset.



Under this method book value of total assets and total liabilities as per latest Financial Statement with necessary adjustments is considered for arriving at Net Asset value of the company.

### ***B) Market Based Approach***

The market approach involves identifying comparable companies (usually publicly-listed) within the same segment of the industry and uses the comparable companies' financial information to derive various pricing multiples. These multiples are then used in calculating the fair market value.

Also where the value of the shares of the company are traded on a recognised exchange wherein there are large number of buyers and sellers, the market value determined therein is considered for the purpose with necessary adjustments.

### ***C) Earnings based Approach***

The earnings based method considers price earnings capacity value per share, discounted cash flow, earnings multiple method as an indication of the fair value of the share.

Under this method profits of various years are averaged and capitalisation rate is applied to arrive at the fair value.

## **OPINION ON VALUE OF SHARES AND UNDERLYING ASSUMPTIONS**

The valuation of equity shares of SSPL has been carried out by after considering all three approaches of Valuation as and where applicable.

### ***A) Valuation of Equity Shares of SSPL***

#### **i. Asset Based Approach**



<b>Assets and Liabilities of the company as per the Audited Balance Sheet as at 31<sup>st</sup> March, 2017</b>	
<b>Assets</b>	<b>Amount (Rs.)</b>
Fixed Assets	17,735,487.82
Non-Current Investments	23,350,958.14
Long Term Loans and Advances	1,010,000.00
Trade Receivables	-
Short Term Loans & Advances	6,036,046.00

Income Tax TDS`	134,510.00
Cash and Cash Equivalents	2,458,711.85
<b>Total Assets</b>	<b>50,725,713.81</b>
<b>Liabilities to outsiders</b>	
Unsecured Loans	50,573,352.50
Other Current Liabilities	1,762,389.00
<b>Total Liabilities to outsiders</b>	<b>52,335,741.50</b>
<b>Total Net Worth (A)</b>	<b>(1,610,027.69)</b>
<b>Total No. of Equity Shares of Rs. 10 Each (B)</b>	<b>58,516,89.00</b>
<b>Net Asset Value per Share (A) / (B)</b>	<b>(0.28)</b>

## ii. Profit Earning Value per Share (PECV) Method

We have analysed the financials of the company for last three financials years, till the year ending as on 31<sup>st</sup> March, 2017. Since last three financial years the company did not have any revenue from operations, the revenue earned was of processing charges for job work done. So the PECV Method of valuation has not been considered for this Company as the Company cannot foresee any future profits.

## iii. Market Based Approach

Because of the continued lack of operations, loss suffered by the company and the highly depreciated value of the company's equity shares no significant dealings in equities of the company has taken place for many years. With the respect that the general body of the shareholders of the Company have presently no worthwhile means of liquidating their holdings.

From the trading records of the stock Exchange (Bombay Stock Exchange, Source: Website of BSE [www.bseindia.com](http://www.bseindia.com)):

Where the company is listed, it is noted that there has been abysmally low value of trading in the company's equity. However, as the shares of the company are listed on a recognised stock exchange, we are considering the closing market price of the company. Also we want to clarify that as the shares are sparsely traded the Market Price cannot be given very high weightage as it would have enjoyed otherwise.

Market Price of the shares as on 14<sup>th</sup> February, 2018 is Rs. 0.91/-



#### iv. Final Valuation

In our opinion, the final share value of each share of SSPL on the valuation date should be calculated on the basis of the weighted average method between the valuations as per the two methods, namely Asset Based Approach and Market Price Method.

There has been sparse trading on the shares of the company since a long time. The valuation of the shares on the exchange cannot thus be given importance.

Thus, taking this into consideration the weights assigned to the valuation derived on the basis of two methods are:

- |                         |      |
|-------------------------|------|
| 1. Asset Based Approach | 0%   |
| 2. Market Price Method  | 100% |

Final Suggested valuation of the company comes to Rs. 0.91/- per equity (Approx) share of Rs. 10/- each.

#### DISCLAIMER

In preparing this valuation Report ("the Report"), we have relied upon and assumed, without independent verification, the accuracy and completeness of all information obtained from the company and other databases.

The Report is being provided solely for the benefit of "SSPL" and is not on behalf of, and shall not confer rights or remedies upon, any other person other than "SSPL". The Report may not be used or relied upon by, or disclosed, referred to, or communicated by "SSPL" (in whole or in part) to any third party for any purpose whatsoever except with the prior written consent of us in each instance.

In furnishing the Report, we reserve the right to amend or replace the report at any time. Our views are necessarily based on economic, market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.



Ravindra Dhakar & Associates.  
Chartered Accountants

The pro-forma and estimated financial information contained herein was provided by "SSPL" and our Report is based on certain assumptions, analysis of information available at the time of Report preparation.

While the information provided to us is believed to be accurate and reliable, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information. Part of this information is based, inter-alia, on published / private reports or research studies carried out by other agencies. The information provided there has not been verified by us, though we are not aware nor have reason to believe that the information is otherwise unreliable in any material aspect. No representations expressed or implied are made in that behalf.

The valuation contained herein is purely for discussion purposes and is not intended to be the price with which the Companies should approach prospective sellers/ buyer of shares of SSPL. Our analysis is not and does not purport to be appraisal or otherwise reflective of the price at which the shares could actually be bought or sold.

## **ACKNOWLEDGEMENT**

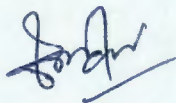
We are thankful to the Management & Staff of SSPL for their kind co-operation extended to us during the course of our assignment.

For,

**RAVINDRA DHAKAR & ASSOCIATES.**

**FIRM REGN. NO. 114030W**

**CHARTERED ACCOUNTANTS**



**RAVINDRA DHAKAR**

**PROPRIETOR**

**M.NO. 075407**

**MUMBAI**

**DATE: 21ST FEBRUARY, 2018**

