



**CORPORATE
STRATEGIC
ALLIANZ
LTD.**

To,
The Board of Directors
SAGAR SOYA PRODUCTS LIMITED

September 26, 2016

Dear Sir,

**FAIRNESS OPINION ON VALUATION FOR THE SCHEME OF ARRANGEMENT AND AMALGAMATION
OF SAGAR GREEN FIELDS PRIVATE LIMITED ("SGFPL" OR "TRANSFEROR COMPANY") WITH
SAGAR SOYA PRODUCTS LIMITED ("SSPL" OR "TRANSFeree COMPANY")**

We, Corporate Strategic Allianz Limited ('CSAL'), refer to our engagement letter dated September 19, 2016 which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by C.P. Jaria & Co, Chartered Accountants, vide its valuation report dated September 26, 2016 for the proposed scheme of Amalgamation under Sections 391 to 395 read with sections 100 to 105 of the companies Act, 1956.

We have reviewed the methodologies used in Valuation Report furnished by P.K. Jain, Partner of C.P. Jaria & Co., Chartered Accountants (Firm Registration No.: 104058W, Membership No. 112020) for the purpose of proposed Amalgamation.

We enclose herewith our Fairness opinion on the Valuation carried out by P.K. Jain, Partner of C.P. Jaria & Co., Chartered Accountants (Firm Registration No.: 104058W, Membership No. 112020).


We hereby give our consent to present and disclose the Fairness Opinion to the Shareholders, Creditor, Stock Exchanges, High Court, Registrar of Companies, Regulatory authorities etc.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Report.

Thanking you,

Yours faithfully,

For Corporate Strategic Allianz Limited


Devendra Shah
(Managing Director)



FAIRNESS OPINION ON VALUATION OF THE AMALGAMATION OF SAGAR GREEN FIELDS PRIVATE LIMITED ("SGFPL" OR "TRANSFEROR COMPANY") WITH SAGAR SOYA PRODUCTS LIMITED ("SSPL" OR "TRANSFeree COMPANY")

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I. Preamble

- 1.1 We have been appointed by Sagar Soya Products Limited to provide fairness opinion on valuation and Exchange Ratio calculation done by P.K. Jain, Partner of C.P. Jaria & Co., Chartered Accountants (Firm Registration No. 104058W, Membership No. 112020) for the Scheme of Arrangement and Amalgamation of Sagar Green Fields Private Limited (transferor company or SGFPL) with Sagar Soya Products Limited (Transferee company or SSPL)

M/s SAGAR SOYA PRODUCTS LIMITED

M/s. Sagar Soya Products Limited was originally incorporated in name of Sagar Soya Products Private Limited on September 27, 1982 with the Registrar of Companies, Maharashtra, Mumbai under the Companies Act, 1956 and on September 15, 1984 name of the company changed to Sagar Soya Products Limited.

The main objects of the Company as per clause III A of the Memorandum of Association is:

1. To act and carry on the business of distribution, selling agents, manufacturer's, representative, importers, exporters, commission agents, general brokers, and dealers in soyabean grinding oil seeds, oil cakes crushers, seed crushers, oil extractors, food specials, cake and oil merchants, animal feed, poultry feeds, pig feeds, compounded or mixed feeds, concentrates, minerals, vitamins, proteins, mineral, mixture, vitamins, mixtures animal proteins, vegetable proteins, molasses tapioca and bye products.
2. To manufacture produce, distribute, sell, make research, import, export and deal in article of food, infant food products, bread, biscuits, extruded products, protein isolates, protein milk, weaning foods, preservatives, additives, drinks, beverages, essences, extracts, concentrate, food colours and powders of all kinds.

M/s. SAGAR GREEN FIELDS PRIVATE LIMITED

M/s. Sagar Green Fields Private Limited was originally incorporated in name of Gada And Jain Holdings Private Limited on September 1, 2005 with the Registrar of Companies, Maharashtra, under the Companies Act, 1956 and on May 17, 2013 name of the company changed to Blue Pearl Lifestyle Private Limited. Further the name of the company was changed to Sagar Green Fields Private Limited vide fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, Maharashtra.

The main objects of the Company as per clause III A of the Memorandum of Association is:

1. To carry on the business of farming, production, harvesting, procurement, grading, pooling, handling, marketing, importing, exporting, whole selling, retailing in agriculture and horticulture in all their respective farms and branches and to grow, produce, manufacture, process, prepare, refine, extract, manipulate, hydrolyze, deodorize, grind, bleach, hydrogenate buy, sell or otherwise deal in all kinds of agricultural, horticultural and farm produce and products including seeds, plants, flowers, vegetables, fruits and carry business of agri-inputs, like fertilizers, Micronutrients, Pesticides & insecticides, veterinary and live stock feeds and feed supplements, fish feeds and its supplements.

- 1.2 This report has been prepared for the purpose of submission to Shareholders, Stock Exchanges, High Court, Registrar of Companies, Regulatory authorities etc.
- 1.3 While preparing the Valuation Report C. P. Jaria & Co, Chartered Accountants, considered following different approaches for the purpose of valuation:
1. Asset based approach;
 2. Market based approach; and
 3. Income based approach.

INFORMATION RECEIVED AND RELIED UPON BY US FOR THE FAIRNESS OPINION

- 2.1 We, CSAL, have prepared the Fairness Opinion on the basis of the following information provided to us -
- (a) Annual Reports of Sagar Soya Products Ltd for the financial year ended March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.
 - (b) Annual Reports of Sagar Green fields Pvt Ltd for the Financial Years ended March 31, 2016 and March 31, 2015.
 - (c) Valuation Report furnished by P.K. Jain, Partner of C.P. Jaria & Co., Chartered Accountants (Firm Registration No.: 104058W, Membership No. 112020) dated September 26, 2016.
 - (d) Memorandum of Association of Sagar Soya Products Ltd and Sagar Green Fields Private Ltd.
 - (e) Draft scheme of arrangement and amalgamation (which is subject to final approval of the Board, Shareholders of "SSPL", Registrar of Companies, Stock Exchange, High Court, Regulatory Authorities)
- 2.2 Our work does not constitute an audit or certification of the historical financial statements of Sagar Soya Products Limited, including their working results referred to in this report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this report. We assume no responsibility for any errors in the information/clarifications submitted by the management and their impact on the present exercise. This Fairness Opinion has been furnished on the methodologies and resultant share valuation used by the Valuer.
- 2.3 This report is issued on the understanding that SSPL has drawn our attention to all the relevant matters, of which they were aware of, concerning the company's financial position and businesses and end status of business of SSPL, which may have an impact on this Report.
- 2.4 Our report is also subject to the Disclaimer/limitations referred to in the valuation report provided by P.K. Jain, Partner of C.P. Jaria & Co., Chartered Accountants (Firm Registration No.: 104058W, Membership No. 112020) dated September 26, 2016.

III. BRIEF BACKGROUND OF COMPANY UNDER REFERENCE

Sagar Soya Products Limited

Sagar Soya Products Limited (SSPL) was engaged in the business of 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. Further the company have written off huge amount of debtors in past two financial years, which are the major reasons for the company's net loss.

Sagar Green Fields Private Limited

Sagar Green fields Private Limited (SGFPL) (formerly known as Gada & Jain Holding Private Limited) is a company dealing into agricultural products and commodities.

IV. RATIONAL FOR AMALGAMATION



4.1 The Amalgamation is governed by the sections 391 to 395 read with Section 100 to 105 and other applicable provisions, if any of the Companies Act 1956 (or any amendment thereof) and Listing Agreement and is proposed to be carried out through a scheme of amalgamation.

4.2 As per the draft scheme the Appointed Date for the Amalgamation is April 1, 2016.

V. COMMENTS ON THE 'BASIS OF VALUATION' AND 'VALUATION METHODOLOGY'

The fair basis of valuation of the Amalgamate Business of SSPL would have to be determined after taking into consideration all the factors and methodologies available including but not restricted to the basis laid down by erstwhile Controller of Capital Issues (CCI). Though different values can be arrived at under each of the methodologies, for the purposes of recommending the valuation of Amalgamate Business it is necessary to arrive at a fair value of the undertaking by trying to neutralize the effect of a particular method of valuation.

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 can be classified as:

- A. Asset based approach;
- B. Market based approach; and
- C. 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) Earning 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.

VI. Comments on the Valuation of amalgamation of SGFPL with SSPL and opinion on valuation.

VALUATION OF EQUITY SHARES OF SAGAR SOYA PRODUCTS LIMITED AND SAGAR GREEN FIELDS PRIVATE LIMITED:

Ragd. Office : 808, Samedh Complex, Nr. Associated Petrol Pump, C. G. Road, Ahmedabad-380006, Gujarat, India.

Telefax : +91 79 40301750 Telefax : + 91 79 40024670

Email : info@csapl.com, mbd@csapl.com • Website : www.csapl.com

CIN NO U74140GJ2006PLC048053



A) Valuation of Equity Shares of SSPL**i. Asset Based Approach**

Valuation of the Company based on the Asset Valuation Approach as at 31.03.2016	
Assets	Amount (Rs.)
Fixed Assets	2,08,56,511
Non Current Investments	1,81,23,509
Long Term Loans and Advances	10,10,000
Trade Receivables	26,84,314
Short Term Loans & Advances	53,52,632
Other Current Assets	1,17,971
Cash and Cash Equivalents	8,44,089
Total Assets	4,89,89,026
Liabilities to outsiders	
Unsecured Loans	5,05,73,353
Other Current Liabilities	17,92,203
Total Liabilities to outsiders	5,23,65,555
Total Net Worth (A)	(33,76,529)
Total No. of Equity Shares of Rs. 10 Each (B)	2,92,584
Net Asset Value per Share (A) / (B)	(11.54)

NOTE:

Total numbers of equity shares for the purpose of calculation of Net Asset Value per share is after considering proposed reduction of 58,51,689 shares of Rs. 10 each from the existing paid up share capital of the Company. Thus, number of shares after reduction is 2,92,584 shares of Rs. 10 each.

The NAV of the company is negative.

ii. Profit Earning Value per Share (PECV) Method

Valuation as per the Price Earning Value per share Method is done as follows:

PECV = Future Maintainable Profits * P/E Multiple

Future Maintainable Profits: Valuation as per PECV involves determination of the future maintainable earnings on a post-tax basis taking into account its normal operations. It involves not only objective consideration of the available financial information but, subjective evaluation of many other factors such as general economic conditions, Government policies, etc.

In determining Future Maintainable Profits we have taken the loss of the company in the year ending 31st March, 2016 and profit for the year ended 31st March 2015 and ignoring the effect of Bad Debt written off.

It is the belief of the management and shared by us is that the company's operation is to benefit from the merger by the way of better accessibility to public finance. Greater liquidity will also be available to the shareholders of the company as the securities of the company will be listed and operated in a major exchange of the country. This synergy benefit has to be taken into consideration to determine the Future Maintainable profits.

Thus on careful consideration of benefits of the proposed merger on the profits of the company, future maintainable profits have been taken at average profits earned in the last two financial year i.e. FY 2015-16 and FY 2014-15.

Future Maintainable Profits (pre-tax): Rs.46,62,253 /-

Tax Rate: 30% (taken on estimation for the future) Nil as company has losses carry forwarded.

Future Maintainable Profits (post-tax): Rs.46,62,253 /-

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P/E Multiple: To determine the P/E Multiple an industry average for likewise companies has been considered. In determining the same, higher weights have been given to the P/E Multiple of those companies whose Net Worth & Turnover is commensurate with SSPL.

On the basis of our calculation, we have arrived at a P/E Multiple of 8.

PECV= Future Maintainable Profits* P/E Multiple
 = Rs. 46,62,253/- * 8
 = Rs. 3,72,98,024/-

No. of shares= 2,92,584/-

PECV per share= PECV/ No. of shares
 = 3,72,98,024/-/2,92,584/-
 = Rs. 127.48 per share (Approx)

iii. Market Based Approach

Because of the continued lack of operations, losses 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.

Here we need to note that the company is an exchange traded and the shareholders of the transferee company will be benefited from the fact that they will get liquidity for their investment as their shares will be listed on one of the premier stock exchanges of the country. Market bases approach thus enjoys more importance in overall valuation.

From the trading records of the stock Exchange (Bombay Stock Exchange, Source: Website of BSE 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 1st April, 2016 is Rs. 1.53/-.

Value of Equity Shares considering above approaches

In our Opinion Valuation of the company comes to Rs. 12.81 per equity (Approx) share of Rs. 10/- each after reduction.

B) Valuation of Equity Shares of Sagar Green Fields Private Limited

1. Asset Based Approach

Net Asset Value Method as per Balance Sheet as at 31.03.2016

Particulars	Amount (Rs.)
Assets of the Company	
Fixed Assets	-
Investments	-
Long Term Loans & Advances	4,99,00,000
Other Non Current Asset	2,09,712
Cash & Cash Equivalents	1,87,389
Total Assets	5,02,97,101
Less: Liabilities to outsiders	

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Long Term Borrowings	2,53,400
Trade Payables	1,74,124
Other Current Liabilities & Provisions	10,000
Total Liabilities	4,37,524
TOTAL NET WORTH (A)	4,98,59,577
TOTAL NO. OF EQUITY SHARES (B)	50,00,000
NET ASSET VALUE per Share (A) / (B)	9.97

2. Profit Earning Value per Share (PECV) Method

Valuation as per the Price Earning Value per share Method is done as follows:

PECV= Future Maintainable Profits* P/E Multiple

Future Maintainable Profits: Valuation as per PECV involves determination of the future maintainable earnings on a post-tax basis taking into account its normal operations. It involves not only objective consideration of the available financial information but, subjective evaluation of many other factors such as general economic conditions, Government policies, etc.

In determining Future Maintainable Profits we have taken the profit of the company in the year ending 31st March, 2016 and loss for the year ended 31st March 2015.

The gross turnover of the company is at an increasing trend, further the company has an average gross profit ratio of 18 %.

Also, it is the belief of the management and shared by us is that the company's operation is to benefit from the merger by the way of better accessibility to public finance. Greater liquidity will also be available to the shareholders of the company as the securities of the company will be listed and operated in a major exchange of the country. This synergy benefit has to be taken into consideration to determine the Future Maintainable profits.

Thus on careful consideration of the strong track record of growth, growing brand recognition and the synergy benefits of the proposed merger on the profits of the company, future maintainable profits have been taken at a premium of 50% of the average profits earned in the last two financial year i.e. FY 2015-16 and FY 2014-15

Future Maintainable Profits (pre-tax): Rs.216 /-

Tax Rate: 30% (taken on estimation for the future)

Future Maintainable Profits (post-tax): Rs.151 /-

P/E Multiple: To determine the P/E Multiple an industry average for likewise companies has been considered. In determining the same, higher weights have been given to the P/E Multiple of those companies whose Net Worth & Turnover is commensurate with SGFPL.

On the basis of our calculation, we have arrived at a P/E Multiple of 10.

PECV= Future Maintainable Profits* P/E Multiple

= Rs. 151 * 10

= Rs. 1,510/-

No. of shares= 50,00,000/-

PECV per share= PECV/ No. of shares

= 1,510 /50,00,000

= Rs. 0.0003 per share (Approx)

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3. Market Based Approach

The Average market price parameter is not applicable for this Company since the shares of the Company are not traded in stock exchanges.

Value of Equity Shares considering above approaches

In our opinion, the recommended share value of Sagar Green Fields Private Limited (SGFPL) on the valuation date on the basis of Net Asset Value per share method is Rs. 9.97.

VII. Final Valuation**Final Valuation for SSPL**

In our opinion, the final share value of each share of Sagar Soya Products Limited on the valuation date should be calculated on the basis of the valuations as per the three 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. However, as the shares of the company are listed on a recognised stock exchange, we are considering the face value of equity shares i.e. Rs. 10 per share.

Final Suggested valuation of the company comes to Rs. 12.81/- per equity (Approx) share of Rs. 10/- each after reduction.

Final Valuation for SGFPL

In our opinion, the recommended share value of Sagar Green Fields Private Limited (SGFPL) on the valuation date is Rs. 9.97 considering Net Asset Value per share.

VIII. Share Exchange Ratio

In our opinion, Share Exchange ratio for the purpose of merger of Sagar Green Fields Private Limited with Sagar Soya Products Limited on the basis of above valuation methodologies is 1:1 i.e. for every 1 (One) shares of Sagar Green Fields Private Limited for every 1(One) shares of Sagar Soya Products Limited.

