

The Chief General Manager  
Listing Operations,  
BSE Limited,  
20<sup>th</sup> Floor, P.J.Towers,  
Dalal Street,  
Mumbai – 400 001.

Dear Sir,

**Sub: Application for “In-principle approval” prior to issue and allotment of 29,000 Equity shares of Saraswati Commercial (India) Limited on preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.**

I, Raghu Iyer, Chartered Accountant, being an Independent valuer, hereby certify that the minimum issue price for the proposed preferential issue of equity shares of **Saraswati Commercial (India) Limited** based on the pricing formula prescribed under Regulation 164 / 165 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 has been worked out at Rs 3,665 value per share.

The relevant date for the purpose of said minimum issue price was 22<sup>nd</sup> March, 2021.

The detail valuation report for arriving at such minimum issue price has been attached herewith.

Yours truly

  
CA Raghuraman Krishna Iyer, FCA

Independent Valuer

Registered Valuer Membership No: IBBI/RV/06/2018/10384

ICAI Membership No: 037110

Date: 23<sup>rd</sup> March, 2021

UDIN: 21037110AAAAEU5443



18<sup>th</sup> March, 2021

The Board of Directors  
Saraswati Commercial (India) Limited  
209-210 Arcadia Building, 2<sup>nd</sup> Floor  
195 Nariman Point  
Mumbai – 400 021

Dear Sirs,

### **Valuation of Equity Shares**

Please find attached the report for valuation of equity shares of Saraswati Commercial (India) Limited (“SCL” or “The Company”) having CIN: L51909MH1983PLC166605 as on 18<sup>th</sup> March, 2021. This valuation report is provided in accordance with the terms of “Letter of Engagement” (“LOE”).

The report should be read completely including the scope, limitation and disclaimer. The report should be shared only for the intended purpose as provided in therein and should not be shared with any other person.

Yours truly



**CA Raghuraman Krishna Iyer, FCA**

**Independent Valuer**

**Registered Valuer Membership No: IBBI/RV/06/2018/10384**

**ICAI Membership No : 037110**

**UDIN : 21037110AAAES3130**

## Equity Shares Valuation Report

### About the Company

SCL, a public limited company registered with Reserve Bank of India (RBI) as a non-deposit taking – systemically important– non banking financial company (NBFC-ND-SI) and is classified as an investment company vide Registration No 13.01860. The company is engaged in the business of investing and trading in shares and securities and lending activities. The registered office of SCL is situated at 209-210, Arcadia Building, 195 Nariman Point, Mumbai – 400 021.

The paid up share capital of SCL as on December 31, 2020 is Rs 1,00,09,280/- comprising of 10,00,928 equity shares of face value of Rs 10 each. The shares of the SCL are listed on BSE Limited erstwhile known as Bombay Stock Exchange Limited, “BSE”) but are infrequently traded as per the regulations of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”).

### Purpose of the valuation

I have been given to understand that SCL is in the process of raising funds via preferential issue of equity shares from certain proposed Investors. Since the shares are infrequently traded, I have been approached by the Company to value the equity shares of the Company for the purpose of arriving at the issue price for the said preferential issue of equity shares to the proposed Investors.

Valuation of equity shares to be done as per Regulation 164 / 165 of SEBI ICDR Regulations. Regulation 164 is applicable where shares of the Issuer Company are frequently traded whereas Regulation 165 is applicable where shares are infrequently traded.

Since the shares of the Company are infrequently traded, I have done the valuation as per the provisions of The Companies Act, 2013 as well as per the regulation 165 of (“SEBI ICDR Regulations”).

According to the information & explanation received from Management, there are no material events happened from valuation date till the date of this report.



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## Valuation Summary

NBFCs are typically valued based on adjusted book values in an intrinsic sense. The value of their financial assets as on the date of valuation less value of financial liabilities represents the intrinsic value. This intrinsic value should be adjusted for illiquidity discount which is appropriate given the lack of trading volumes in the company's scrip. The second appropriate method of valuation, in my opinion, is to benchmark the valuation based on price to book values of other companies in the sector. In my view, the intrinsic value method would carry a higher weightage given the composition of financial assets whose values are available in the traded market place to a substantial degree. My valuation of equity shares of SCL is Rs. 3,665 per share (refer Annexure 1 for detailed working) after giving appropriate weights to above two methods as shown under below table.

Valuation Method	Value per Share (Rs)	Weight	Total (Rs)
Intrinsic Value Method	3,054.40	80%	2,443.52
Comparable Trading Multiples	6,108.81	20%	1,221.76
<b>Average Price per Share</b>			<b>3,665.28</b>
<b>Rounded off to</b>			<b>3,665.00</b>

I have been given to understand that the number of shares outstanding as on valuation date is 10,00,928. The value of each equity share of the company is Rs. 3,665 per equity share.

The Company has been provided with the opportunity to review the draft report for this engagement to make sure that factual inaccuracies are avoided in my final report.

## Sources of information

I have relied on the following information made available to me by SCL for the purpose of this Report:

- a) Latest available unaudited financial statements of SCL and Group Companies excluding small companies (which were subject to Limited Review, wherever applicable) for the period ended 31<sup>st</sup> December, 2020.
- b) Audited financial statement for the period ended 31<sup>st</sup> March 2020 for small companies in group
- c) Market prices for all traded securities on 31<sup>st</sup> December, 2020.
- d) Net assets value of all mutual funds as on 31<sup>st</sup> December, 2020.
- e) Websites of NSE and BSE
- f) Website of the Company



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- g) Such other information and explanations as we have required and which have been provided by the Management of the Company.

### **Scope, Limitations, Assumptions, Qualifications, Exclusions and Disclaimers**

Provision of valuation opinions and consideration of the issues described herein are areas of regular practice. The services do not represent accounting, assurance, accounting /tax due diligence, consulting or tax related services that may otherwise be provided by me.

The report, its contents and the results herein are specific to (i) purpose of valuation agreed as per the terms of our Engagement and (ii) the date of this report. For the purpose of valuation, reliance has been placed on both written and verbal information, including market, technical, financial & operating data.

In accordance with the terms of engagement, reliance has been placed without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this report and (ii) the accuracy of information made available by the Company. In accordance with the engagement letter and in accordance with the customary approach adopted in valuation exercises no audit/ review /investigation have been conducted on the financial information provided the company.

This report shall not be construed as an expression an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Further, with respect to explanations and information sought from the Company, I have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

Conclusions of this report are based on the assumptions and information provided by and on behalf of the Company. The management of the Company has indicated that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, no responsibility is assumed for any errors in the information furnished by the Company and their impact on the report.

The report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of legal nature, including issues of legal title



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and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Company.

The report does not look into the business or commercial reasons behind various transactions nor likely benefits arising out of the same. Similarly, it does not address the relative merits of the transaction as compared with any other alternative could be achieved or are available.

No investigation of the Company's claim to title of assets has been made for the purpose of this report and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loan disclosed in the accounts. Therefore, no responsibility is assumed for matters of legal nature. The book values of the assets and liabilities of the Company has been considered as representative of their intrinsic value, other than for those assets and liabilities where adjustments described in this Report have been effected in the absence of any report of external valuers.

I owe responsibility only to the Board of Directors of the Company under the terms of the engagement letter and no other person or persons or entities. I will not be liable for any losses, claims, damages or liabilities arising out of the action taken, omission or advice given by any other advisors to any other persons or entities

This report does not in any manner address the prices at which the Company's equity shares will trade following consummation of this valuation report and I express no opinion or recommendation as to such potential share prices. Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or order agreement or document given to third parties, other than in connection with the proposed transaction, without my prior written consent. This valuation report is subject to the laws of India.

## **APPROACHES TO VALUATION**

The two approaches described and defined below are the main approaches used in valuation. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution. The principal valuation approaches are:

- (a) Intrinsic value approach, and
- (b) Comparable trading multiples



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## **Intrinsic Value Approach**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

- Assets and Liabilities other than investments in securities whether in the form of long term investments, current investments or business assets they are valued based at realisable value (net of tax).
- Shares held in group Companies have been valued based on the net worth of group companies of those investee Companies. While valuing the net worth of group companies, I have taken the investments made by those group companies at their intrinsic value after considering the impact of tax on gain and fair value of assets and liabilities (other than investments), wherever IND AS applied.
- Shares held in companies other than group which are listed have been valued based on market price of these Companies as at 31<sup>st</sup> December, 2020. The carrying value of these investments has been determined after applying impact of tax on gain.
- Immovable properties of the group companies have been valued at market value (net of capital gain tax) based on recent comparable third party transaction / stamp duty valuation.
- Appropriate discount have been applied for illiquidity to arrive the value of equity shares of SCL.

## **Comparable Trading Multiples**

Comparable Trading Multiples are financial measurement tools that evaluate one financial metric as a ratio of another, in order to make different companies more comparable. Analyzing comparable trading multiples involves analyzing companies with similar operating, financial, and ownership profiles.

Multiples are the proportion of one financial metric to another financial metric. Common multiples applied for valuation are price to earnings multiple, price to book value multiple, enterprise value to EBITDA multiple and sectoral multiples like enterprise value per ton of installed capacity in the cement sector.



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The most appropriate valuation multiple for the NBFC sector is price to book value.

I have considered average price to book multiples of the following companies for 31<sup>st</sup> December, 2020

NBFC	Trading Multiple (Price to Book)
Sundaram Finance Ltd	3.92
Cholamandalam Investment And	4.1
Mahindra & Mahindra Fin Secs	1.65
Shriram Transport Finance	1.74
L&T Finance Holdings Ltd	1.5
Muthoot Finance Ltd	3.49
Muthoot Capital Services Ltd	1.19
Creditaccess Grameen Ltd	2.99
<b>Average Price to Book</b>	<b>2.57</b>

Source: NSE / BSE websites

### Conclusion

My valuation per equity share of SCL is Rs 3,665 per equity share. (refer annexure 1)

### Recommendation

I do not have any interest in the companies covered in this report. Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or order agreement or document given to third parties, other than in connection with the proposed transaction, without my prior written consent. This valuation report is subject to the laws of India.

Further, This report is intended solely for the use of the management of the SCL for the purpose of preferential issue of equity share of the SCL under Chapter V of the Securities and Exchange Board of India ('SEBI') (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended. This report may be available for inspection by shareholders and/or proposed investors or submission to the BSE Limited in connection with listing and trading approval the proposed preferential issue of equity shares under.



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## Annexure 1: Valuation of Equity shares of SCL

### a. Valuation base on Intrinsic value Method

Particulars	Rs in Lakhs
Financial and Non Financial Assets	36,112.16
Less : Outside Liabilities	2,142.85
Net Assets Value	33,969.31
No of Equity Shares	1,000,928
Equity Per Share before illiquidity Discount	3,393.78
Less: Illiquidity Discount @ 15%	339.38
<b>Equity Per Share after illiquidity Discount</b>	<b>3,054.40</b>

### b. Valuation base on Comparable trading multiples

Particulars	Rs in Lakhs
Book Value per Share as on Dec 31, 2020 - after illiquidity Discount	3,054.40
Comparable Trading Multiples	2.00
<b>Price per Equity Share - Comparable Trading Multiples</b>	<b>6,108.81</b>

### c. Summary

Valuation Method	Value per Share (Rs)	Weight	Total (Rs)
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