

**Valuation Report
Of
Equity Share
Of
ECO RECYCLING LTD
CIN: L74120MH1994PLC079971**

(Private and Confidential)

**Prepared by:
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Registration No: IBBI/RV/07/2019/12576**

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Date: 25th July, 2020

To,
The Board of Directors
Eco Recycling Ltd
422, 4th Floor, The Summit Business Bay,
Opp: Near Cine Max Theatre, Andheri Kurla Road,
Andheri (E), Mumbai,
Maharashtra, 400059.

CIN:- L74120MH1994PLC079971

Dear Sir/Madam,

Subject: Valuation of Equity Shares of the Company

I. Purpose:

We have been engaged by Eco Recycling Ltd having its registered office at 422, 4th Floor, The Summit Business Bay, Opp: Near Cine Max Theatre, Andheri Kurla Road, Andheri (E), Mumbai, Maharashtra, 400059 (hereinafter referred to as "ECORECO" or "Company").

ECORECO, a Company incorporated in India, planning to evaluate valuation of Equity Shares for issuance of equity shares under the provision of Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018 (SEBI ICDR Regulations) and rules made there under. Hence, for the purpose stated, ECORECO require Valuation of the Company for issue of Equity Shares.

Accordingly, as per the request received from the management of the ECORECO, we are evaluating the valuation of the Company.

The information contained herein and our report is confidential. It is intended only for the sole use and information of the Company, and only in connection with the purpose mentioned above. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the purpose as aforesaid, can be done only with our prior permission of the valuer in writing.

II. About the Valuer:

Mr. Sanka Hari Surya is a valuer registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No.: IBBI/RV/07/2019/12576 for the purpose of carrying out the said valuation of equity shares.

III. Background / Information about ECORECO

"Eco Recycling Ltd (ECORECO)" is a Limited Company by shares incorporated in India in the year 1994.

The registered office of the Company is situated at The Summit Business Bay, Opp: Near Cine Max Theatre, Andheri Kurla Road, Andheri (E), Mumbai, Maharashtra, 400059.



The share capital and holding structure of the Company, on a fully diluted basis, as on date of this report is as under:

Particulars	Amount in INR
Authorized Share Capital	30,00,00,000
Issued, Subscribed and Paid up Capital	19,29,67,500

*Face value of Rs. 10/- each.

IV. Financial Statement of the Company:

Statement of Profit and Loss (Amounts in INR thousands)

	From 1 st April, 2019 to 31 st March, 2020
Revenue from operations	1,11,829
Other Income	10,119
Expenses	1,19,748
PBT	12,328
Current year Tax expense	1,825
MAT Credit	-
Deferred Tax	(731)
PAT	11,234

Amounts in INR Thousands

Statement of Assets and Liabilities

	As on 31 st March, 2020
Share Capital and liabilities	
Share Capital Account	1,92,968
Other Equity	60,436
Non Current Liabilities	1,44,737
Current Liabilities and provisions	50,641
Total	4,48,782
Assets	
Fixed Assets	2,18,608
Non Current Assets	1,21,525



	As on 31 st March, 2020
Current Assets	1,08,649
Total	4,48,782

V. Appointing Authority:

We were assigned with this project of valuation of the shares of the Company by the Board of Directors of the Company and engagement letter for this project has been signed by Mr. Shashank Soni, Director of the Company, authorised by the Board of Directors as on 18th July, 2020.

VI. Disclosure of Valuer's Interest/ Conflict:

The Valuer is not related to the Company or its promoters or its director or their relatives, the valuer has not any interest or conflict of interest with respect to the valuation under consideration.

VII. Sources of Information:

We were provided with the following information by the management of ECORECO for the valuation purpose as aforesaid:

- ☐ Brief background of the business of the company.
- ☐ Audited Financial Statements for the year ended 31st March, 2019 and Audited financial results for the year ended 31st March, 2020.
- ☐ Information available on public domain.

VIII. Approach Considered in our Value Analysis:

General Principle for Valuation

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

Broadly there are three approaches of Valuations which are as follows:

- a) "Net Asset Value" approach
- b) "Income" approach
- c) "Market" Approach

IN SUMMARY:

The application of any method of valuation depends on the purpose for which the valuation exercise is performed; relevance of each method under the circumstances of the case and other factors as determined appropriate.

- **Net Asset Value Approach:** This method takes into account the value of the assets of the business or the net worth as represented in the financial statements of the Company. For the purposes of arriving at NAV per share, total outside liabilities shall be reduced from the value

of the total assets and the net figure so arrived at shall be divided by the number of equity shares issued and paid-up.

- **Income Approach:** The company is valued on the assumption of going concern with growth in revenue over explicit period. This approach to be appropriate to arrive at a business value using the DCF method wherein future expected cash flows have been discounted to arrive at business value of the company.
- **Market Approach:** The market approach is a method of determining the value of shares based on the quoting price in the respective stock exchange where the shares have been listed.

IX. Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the Shares of the Company. The best reasonable judgment of the value will be referred to as the fair value (FV). The Equity Shares of the Company are listed at platform of BSE Limited (BSE). However, we have checked the share price quotations of the company on the BSE [i.e. the stock exchange where the equity share of the Company are listed] and noted that traded turnover on BSE during the twelve calendar months preceding the relevant date, is less than ten per cent of the total number of shares of such class of shares of the Company. Therefore, the equity shares of the Company are infrequently traded as per the meaning given in SEBI ICDR Regulations.

Since, the equity shares of ECORECO are infrequently traded, the fair valuation of the equity shares of ECORECO has been arrived in terms of the provisions of regulation 165 of SEBI ICDR Regulations as follows.

The value has been derived by weighted average of price arrived by NAV and Market Price Method.

X. Valuation & Conclusion:

For determining the Fair Value of equity, we have relied upon the following information, as provided to us by the management of Company:

Valuation of Shares based on NAV Method

Particulars	Valuation
No. of Equity Shares as on relevant date	1,92,96,750
Net worth (as on 31.03.2020) (in Thousands)	2,66,062.60
Net Asset Value per Equity Share	INR 13.79



Valuation of Shares based on Market Approach

Particulars	Valuation (Amt in INR)
Closing market price of Equity Share of ECORECO on 24 th July, 2020	48.15

Weighted Average of NAV, Market Value

Particulars	Amount (INR)	Weights
Fair Value Per Share based on NAV Method	13.79	1
Fair Value Per Share based on Market Price Method	48.15	2
Weighted Average i.e. Fair Value	Rs. 36.70 per Equity Share	

Hence, we conclude that the Fair Value of each Equity Share of ECORECO based on above parameters is computed to Rs. 36.70 rounded off to nearest integer i.e. Rs. 37.00 per Equity Share.



XI. Limitations & Disclaimers:

- Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While ECORECO has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.
- No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.
- Our work does not constitute an audit or certification of the historical financial statements of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report



is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

- In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the Management/ the Company and our work and our finding shall not constitute a recommendation as to whether or not the Management/ the Company should carry out the transaction.
- Our report is meant for the purpose mentioned in Para I and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- Neither Valuer, nor its partners/directors, managers, employees makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.



Sanka Hari Surya
(Registered Valuer)
IBBI/RV/07/2019/12576

Date: 25th July, 2020
Place: Mumbai