Pinakin Shah & Co.
Registered Valuer (Shares & Securities)

Phone: (079) 48011366
(079) 29708135
E-mail: pinakincs@yahoo.com
www.pinakinshahcs.com

To,
Bodal Chemicals Limited,
Plot No.: 123-124, Phase-I,
G.I.D.C. Estate, Vatva,
Ahmedabad-382 445.

To,
SPS Processors Private Limited,
A/704-714, The Capital,
P-100, Lane No-6, Shankar Nagar,
Ext Delhi – 110051.

Dear Sir,

We refer communication dated 09/11/2021 on query raised by NSE & BSE on valuation report and states as under:

1. The valuation Report complies SEBI Master Circular dated December 22, 2020;
2. Compliance of NSE Circular NSE/CML/2021/43 dated November 02, 2021:
   a. The para 2 reproduced as under:

      "At the time of submission of the application to the Exchange(s) under Regulation 37 of SEBI LODR, the Audited financials of last 3 years (financials not being older than 6 months) of unlisted company(ies) involved in the Scheme of Arrangement has to be submitted as required under para I (A) (2) (f) of SEBI Circular dated March 10, 2017 and amendment thereof read with SEBI Master Circular dated December 22, 2020. <u>The aforesaid financials shall be considered for preparation of Valuation Report by the valuer under Income Approach.</u> At the time of providing its observation letter to the listed entity, the exchange shall seek an undertaking from the listed entity stating that it shall ensure that the financials of the unlisted company(ies) shall not be more than 6 months old at the time of submission of the scheme papers to NCLT."

      The valuation of Transferor Company as on valuation date has been carried out under Income Approach – DCF method, Income Approach is defined under IVS 2020 as under:

A/201 Siddhi Vinayak Towers, Next to Kataria House, Off. S.G. Highway,
Makaraba, Ahmedabad-380051.

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50.1 *"Although there are many ways to implement the income approach, methods under the income approach are effectively based on discounting future amounts of cash flow to present value. They are variations of the Discounted Cash Flow (DCF) method and the concepts below apply in part or in full to all income approach methods.*

50.2 *Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset."*

The future cashflow of Transferor Company was evaluated in the background of financial result of the Transferor Company as on 30/09/2021 and also financial performance of previous years including past three years as mentioned in the Circular.

b. The para 3 reproduced as under:

"The period under consideration for valuations, other than Income Approach, should not be older than 3 months. The board shall consider the scheme of arrangement within 7 working days of the issuance of valuation report."

The Valuation is carried out as on valuation date on income approach and no other approach are considered. Hence the Valuation Report complies para 3 of the circular. The Valuation and Valuation date as defined under IVS 2020 are reproduced below:

Valuation:

20.14 *"A "valuation" refers to the act or process of determining an estimate of value of an asset or liability by applying IVS."*

Valuation Date:

20.3 (h) *"The valuation date must be stated. If the valuation date is different from the date on which the valuation report is issued or the date on which investigations are to be undertaken or completed then where appropriate, these dates should be clearly distinguished.*

30.2 (c) *"On the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the*

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estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date."

In nutshell, the Valuation Report dated 29/10/2021 complies with SEBI Master Circular dated December 22, 2020 and NSE Circular NSE/CML/2021/43 dated November 02, 2021.

Date: 11/11/2021

Place: Ahmedabad

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