

To,
The Board of Directors
Prayag Chemicals Private Limited ("Transferor Company 1")
314, PP Tower, Netaji Subhash Place,
Pitampura, Delhi DL 110034 IN

To,
The Board of Directors
V.S. Polymers Private Limited ("Transferor Company 2")
315, PP Tower, Netaji Subhash Place,
Pitampura, Delhi - 110034

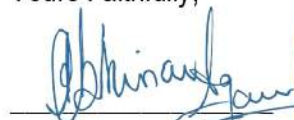
To,
The Board of Directors
Punjab Alkalies and Chemicals Ltd ("Transferee Company")
S C O 125-127 Sector 17 B
Chandigarh U T CH 160017

Sub: Recommendation of Fair Share Exchange Ratio

Dear Sirs,

Pursuant to my appointment to recommend fair value share exchange ratio for the purpose of proposed scheme of amalgamation of Prayag Chemicals Private Limited ("Transferor Company 1") and V.S. Polymers Private Limited ("Transferor Company 2") with Punjab Alkalies and Chemicals Ltd ("Transferee Company"), under provisions of Companies Act 2013, I hereby enclose the report on Fair Share Exchange Ratio. The sole purpose of the report is to assist the Company in determining the fair share exchange ratio in accordance with the internationally accepted valuation standards and Companies (Registered Valuers and Valuation) Rules, 2017.

Thanking You,
Yours Faithfully,





RV FCS Abhinav Agarwal
Registered Valuer & Corporate Law Advisor
IBBI Reg. No. IBBI/RV/06/2019/12564

ICAI RVO membership no. ICAIRVO/06/RV-P00292/2019-2020

Date: September 02, 2021, Place: New Delhi

**PUNJAB ALKALIES AND CHEMICALS LTD
PRAYAG CHEMICALS PRIVATE LIMITED
V.S. POLYMERS PRIVATE LIMITED**

Recommendation of Fair Share Exchange Ratio
Date of Valuation Report: September 02, 2021



CorpValuers

IBBI Registered Valuers & Corporate Law Professionals

ABHINAV AGARWAL

FCS, LL.B., M.COM(BPCG), RV(IBBI)

Registered Valuer

Securities or Financial Assets

Regn No. IBBI/RV/06/2019/12564

ICAIRVO membership no. ICAIRVO/06/RV-P00292/2019-2020



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I. Scope and Purpose of This Report and Appointing Authority:

Prayag Chemicals Private Limited and **V.S. Polymers Private Limited** (hereinafter referred to as “**Transferor Company 1**” or “**PCPL**” and “**Transferor Company 2**” or “**VSPPL**”, respectively, and collectively referred to as “**Transferor Companies**”) through proposed scheme of amalgamation under provisions of Companies Act 2013 (hereinafter referred to as “Scheme of Amalgamation”) is being merged with **Punjab Alkalies and Chemicals Ltd** (hereinafter referred to as “**Transferee Company**” or “**PACL**”). Collectively all three companies are referred to as “**Companies**”. The appointed date for the aforesaid transaction is 01/04/2021 or such other date as approved by the National Company Law Tribunal.

In this connection, I have been requested by Company to submit a valuation report recommending the **fair share exchange ratio in compliance with Companies Act, 2013**.

This report is issued in accordance with Companies Act 2013 read along with its rules. My report is subject to the scope of limitations detailed herein after. As such the report is said to be read in totality, not in parts, in conjunction with the relevant documents referred to therein.

II. Valuation Date, Date of Appointment and Date of report:

For the purpose of this assignment of valuation, following shall be the key dates:

- a) **Valuation Date** -It refers to a point of time at which the asset is being valued in the valuation report i.e. 31/08/2021. However, the share price for PACL has been considered till 01/09/2021.
- b) **Date of Appointment** -It refers to a date on which the engagement is provided to a Valuer for valuation of equity shares i.e. 04/08/2021.
- c) **Date of Report** - It refers to a date on which the Report is signed by a Valuer. i.e. 02/09/2021.

III. Identity of The Valuer and Other Experts Involved in the Valuation:

Valuation is carried out by me, i.e. Abhinav Agarwal, Registered Valuer under Class Securities or Financial Assets vide Registration No. IBBI/RV/06/2019/12564. I am also Practicing Company Secretary since the year 2015 vide COP 15639. Apart from the valuation reports of asset class land & building and plant & machinery of **Transferor Companies** and **Transferee Company**, there were no other experts involved in the carrying out process of valuation of equity shares. I am allowed to carry out the same valuation as per rules.



IV. Declaration of Independence of Valuer and Financial Interest:

I hereby declare that I am independent of the subject Company for valuation and have not been under any direct or indirect influence, which may affect the valuation exercise. I also state that have no financial interest in the Subject Company for valuation. I also confirm that this engagement shall be in compliance with the model Code of Conduct issued by IBBI vide Valuation Rules.

V. Nature and Sources of the Information Used or Relied Upon:

The following information has been received from the Management of the Companies:

- Audited financials for FY 2020-21 for the Companies.
- Draft Scheme of Amalgamation of **Transferor Company 1** and **Transferor Company 2** with **Transferee Company** under Section 230-232 of Companies Act, 2013.
- Projected estimated financials of the **Transferor Companies** for a period of 5 Financial Years from FY 2021-22 to FY 2025-26.
- Projected estimated financials of the **Transferee Company** for a period of 4 Financial Years from FY 2021-22 to FY 2024-25.
- Memorandum and Articles of Association of the Company.
- Historical market price data of **Transferee Company** as available on: <https://www.bseindia.com/>
- List of shareholders;
- Management representation letter.
- Valuation reports of asset class land & building and plant & machinery of **Transferor Companies** and **Transferee Company**.
- Other sources of information – Data available at public domain.
- Oral information for various clarifications provided by the promoters and key managerial personnel.
- Secondary research and market data on industry attractiveness, growth rate and market rate of return and other information on recent transactions, to the extent readily available.
- Other documentary evidences provided by the Company in relation to the assumptions, forecasts and cash flows.

I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the executives and representatives of the Companies. During the discussions with the management of the Companies, I have also obtained explanations and Information considered reasonably necessary for my exercise. The Client has been provided with the opportunity to review the draft report (excluding the recommended fair value of each share)



as part of my standard practice to make sure that factual inaccuracy/omissions are avoided in my report.

VI. Inspections and/ or Investigations Undertaken:

- I have verified the industry in which the companies are operating and the performance of the industry.
- I have analysed the projections given by the Companies.
- I have analysed the comparable companies in the Industry for calculating different ratios of comparable companies. However due to lack of sufficient information available in public domain regarding comparable companies, hence the same was not investigated further.

VII. Scope Limitations:

Valuation analysis and results are specific to the purpose of valuation as agreed as per term 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.

Valuation analysis are specific to the date of this report. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. As such, our valuation results are, to a significant extent, subject to continuance of current trends beyond the date of report. I, however have no obligation to update this report for events, trends, transactions occurring subsequent to the date of this report. This report is prepared as per Indian Laws and Rules.

The analysis in this report is considered to be advisory in nature and not a certificate. However, this analysis will not be for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from the expert advisors.

Subject to the limitations and exclusions as mentioned above, I owe no responsibility neither accept any liability to any third party in relation to issue of this report for any false or incorrect information given to me or anything beyond my control.

VIII. Background of Companies Involved Under Transaction:

1. Prayag Chemicals Private Limited:

MCA Master Data:

Company Master Data	
CIN	U24119DL1993PTC125350
Company / LLP Name	PRAYAG CHEMICALS PRIVATE LIMITED



ROC Code	RoC-Delhi
Registration Number	125350
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Private
Authorised Capital (Rs)	10000000
Paid up Capital (Rs)	5232600
Date of Incorporation	05/10/1993
Registered Address	314, PP Tower, Netaji Subhash Place, Pitampura, Delhi DL 110034 IN
Email Id	info@flowtechgroup.in
Whether Listed or not	Unlisted
Date of last AGM	02/08/2021
Date of Balance Sheet	31/03/2021
Company Status(for efilling)	Active

Source: www.mca.gov.in, dated: September 02, 2021

Main Objects:

The **Transferor Company 1** is engaged in business of manufacturers, importers and exporters of all kinds of chemicals.

Source: Draft Scheme of Amalgamation

Capital Structure of the Company:

Particulars	Amount (As per actuals ₹)
Authorised Share Capital: 1,00,000 equity shares of ₹100/- each	1,00,00,000/-
Total	1,00,00,000/-
Issued, Subscribed and Paid-Up Capital: 52,326 equity shares of ₹100/- each	52,32,600/-
Total	52,32,600/-

Source: Audited Financials for FY 2020-21.

Shareholding pattern of Company:

Sr. No.	Name of the Shareholder	Equity Shares (INR 100/- each)	Shareholding % (Equity)
1.	Sukhbir Singh Dahiya	1,000	1.91%
2.	Jagbir Singh Ahlawat	14,450	27.62%
3.	Parerna Ahlawat	11,497	21.97%
4.	Dayawati Dahiya	525	1.00%
5.	SS Dahiya HUF	24,854	47.50%
Total		52,326	100.00%

Source: List of shareholders provided by the management of Transferor Company 1 as on report date



Directors of the Company:

Directors/Signatory Details			
DIN/PAN	Name	Begin date	Designation
00169921	Sukhbir Singh Dahiya	16/06/2005	Director
01139187	Jagbir Singh Ahlawat	01/04/2012	Director

Source: www.mca.gov.in, dated: September 02, 2021

2. V.S. Polymers Private Limited:

MCA Master Data:

Company Master Data	
CIN	U24119DL1996PTC083527
Company / LLP Name	V.S. POLYMERS PRIVATE LIMITED
ROC Code	RoC-Delhi
Registration Number	083527
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Private
Authorised Capital (Rs)	10000000
Paid up Capital (Rs)	6176700
Date of Incorporation	29/11/1996
Registered Address	315, PP Tower, Netaji Subhash Place, Pitampura, DELHI DL 110034 IN
Email Id	corporate.vspl@gmail.com
Whether Listed or not	Unlisted
Date of last AGM	02/08/2021
Date of Balance Sheet	31/03/2021
Company Status(for efilling)	Active

Source: www.mca.gov.in, dated: September 02, 2021

Main Objects:

The Transferor Company 2 is engaged in the business of manufacturing all kinds of chlorinated parassins, hydrochloric acid plastics and PVC Compounds.

Source: Draft Scheme of Amalgamation

Capital Structure of the Company:

Particulars	Amount (As per actuals ₹)
Authorised Share Capital: 10,00,000 equity shares of ₹10/- each	1,00,00,000/-
Total	1,00,00,000/-
Issued, Subscribed and Paid-Up Capital: 6,17,670 equity shares of ₹10/- each	61,76,700/-
Total	61,76,700/-

Source: Audited Financials for FY 2020-21.

Share Exchange Report – PACL, PCPL, VSPPL – September 02, 2021
Abhinav Agarwal, Registered Valuer, Regn. No. IBBI/RV/06/2019/12564



Shareholding pattern of Company:

Sr. No.	Name of the Shareholder	Equity Shares (INR 10/- each)	Shareholding % (Equity)
1.	Jagbir Singh Ahlawat	3,29,140	53.29%
2.	SS Dahiya HUF	2,88,530	46.71%
Total		6,17,670	100.00%

Source: List of shareholders provided by the management Transferor Company 2 as on report date

Directors of the Company:

Directors/Signatory Details			
DIN/PAN	Name	Begin date	Designation
01139187	Jagbir Singh Ahlawat	01/07/2005	Director
02854329	Ravinder Dahiya	01/07/2005	Director

Source: www.mca.gov.in, dated: September 02, 2021

3. Punjab Alkalies and Chemicals Ltd:

MCA Master Data:

Company Master Data	
CIN	L24119CH1975PLC003607
Company / LLP Name	PUNJAB ALKALIES AND CHEMICALS LTD
ROC Code	RoC-Chandigarh
Registration Number	003607
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	700000000
Paid up Capital (Rs)	484686440
Date of Incorporation	01/12/1975
Registered Address	S C O 125-127SECTOR 17 B CHANDIGARH U T CH 160017 IN
Email Id	secretarial@punjabalkalies.com
Whether Listed or not	Listed
Date of last AGM	29/09/2020
Date of Balance Sheet	31/03/2020
Company Status(for efilling)	Active

Source: www.mca.gov.in, dated: September 02, 2021

Main Objects:

The **Transferee Company** is engaged in the business of manufacturing of Caustic soda lye, Liquid Chlorine, Hydrochloric Acid, Sodium Hypochlorite and Hydrogen Gas. Main products of the **Transferee Company** are caustic soda lye, liquid chlorine, hydrochloric acid, hydrogen gas and sodium hypochlorite.

Source: Draft Scheme of Amalgamation



Capital Structure of the Company:

Particulars	Amount (As per actuals ₹)
Authorised Share Capital: 7,00,00,000 Equity shares of ₹ 10/- each	70,00,00,000/-
Total	70,00,00,000/-
Issued Capital: 4,85,43,146 Equity shares of ₹ 10/- each	48,54,31,460/-
Total	48,54,31,460/-
Subscribed Capital: 4,85,40,796 Equity shares of ₹ 10/- each	48,54,07,960/-
Total	48,54,07,960/-
Paid-Up Capital: 4,84,68,644 Equity shares of ₹ 10/- each	48,46,86,440/-
Total	48,46,86,440/-

Source: Draft Scheme of Amalgamation

Shareholding pattern of Company:

Sr. No.	Name of the Shareholder	Equity Shares (INR 10/- each)	Shareholding % (Equity)
1.	Promoter & Promoter Group	1,51,96,566	31.35%
2.	Public	3,32,72,078	68.65%
Total		4,84,68,644	100.00%

Source: <https://www.bseindia.com/stock-share-price/punjab-alkalies-chemicals-ltd/pacl/506852/qtrid/110.01/shareholding-pattern/23-Jul-21/>

Directors / KMP's of the Company:

Directors/Signatory Details			
DIN/PAN	Name	Begin date	Designation
00169921	Sukhbir Singh Dahiya	20/10/2020	Director
00497295	Parema Ahlawat	20/10/2020	Director
01139187	Jagbir Singh Ahlawat	20/10/2020	Director
02291892	Tilak Raj Bajalia	26/10/2020	Director
08106876	Jatin Dahiya	20/10/2020	Wholetime Director
08465391	Naveen Chopra	28/05/2019	Managing Director
08925842	Kuldip Singh Suhag	26/10/2020	Director
08930828	Ashok Goyal	26/10/2020	Director
AEIPC1476Q	Sugandha Kukreja	20/10/2016	Company Secretary
ABHPK6964B	Arun Kumar Kaushal	01/07/2020	CFO(KMP)

Source: www.mca.gov.in & www.bseindia.com, dated: September 02, 2021

IX. Valuation Approaches:

There are three main valuation approaches. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution. The goal in selecting valuation approaches and methods for an asset is to find the most appropriate method under the particular



circumstances. No one method is suitable in every possible situation. The main valuation approaches are:

1. Market Approach:

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The Market approach should be applied and afforded significant weight under the following circumstances:

- a) The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value,
- b) The subject asset or substantially similar assets are actively publicly traded, and/or
- c) There are frequent and/or recent observable transactions in substantially similar assets.

There are some of the limitations to the market approach which are as follows:

- It is difficult to identify transactions or companies that are comparable. There is usually a lack of a sufficient number of comparable companies or transactions.
- It is less flexible compared to other methods.
- The method raises question on how much data is available and how good the data is.

There are three methods under which valuation can be done in Market Approach which are as follows:

a) Market Price Method:

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity share of the company with appropriate adjustments where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the share. But there could be situation where value of the share as quoted on the market would not be regarded as proper index of fair value of share, especially where market values are fluctuating in the volatile capital market.

Transferor Companies being unlisted Private Companies, its shares are not listed on any stock exchange. Therefore, I have not considered market prices for **Transferor Companies** as it is not applicable. However, the **Transferee Company** being a listed Company on BSE (Formerly Bombay Stock Exchange) (PACL | 506852 | INE607A01014), I have considered share price of the **Transferee Company** as per Regulation 164(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time). Please refer to the valuation analysis for more information.

b) Comparable Companies Quoted Multiple ('CCM') Method:

Under this method, value of equity shares of the Company is arrived at by using multiple derived from valuation of comparable companies, as manifest through stock market valuation of listed Companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiple need to be chosen carefully and adjusted for differences between the circumstances.

As per my understanding, I have not used CCM method for valuation of Equity shares of **Transferor Companies**, as no listed Company is carrying on similar business. Further the **Transferee Company** being a frequently traded company, market price method is used as explained in paragraph IX(1)(a) above.

c) Comparable Companies Transaction Multiple ('CTM') Method:

Under this method, value of equity shares of the Company is arrived at by using multiple derived from valuation of comparable companies, as manifest through transaction valuations. Relevant multiple need to be chosen carefully and adjusted for differences between the circumstances.

CTM valuation has not been adopted for purpose of my valuation as there are very limited transactions in the said business segment. Also, transactions may include acquirer-specific considerations such as synergy benefits, control premium and minority adjustments, on which sufficient information is not available in public domain. Therefore, CTM method not used for valuation of equity shares of **Transferor Companies**. Further the **Transferee Company** being a frequently traded company, market price method is used as explained in paragraph IX(1)(a) above.

2. Income Approach:

The income approach provides an indication of value by converting future cash flow to single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. The income approach should be applied and afforded significant weight under the following circumstances:

- The income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- Reasonable projections of the amount and timing of future income are available to the subject asset, but there are few, if any, relevant market comparable.

A fundamental basis for the income approach is that investor expects to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment.

One of the advantages that the Income Approach has over the other two approaches is that it is more flexible in addressing firms or assets that are in different stages of their life-cycle. This is because this approach factors in varying operating conditions over the projected period. The Income Approach is also able to cater to the differing investment or ownership needs of the buyer and seller, by measuring risks through its discount or capitalization rate, or by including cost synergies in its projections.

Since sufficient information is available regarding the future projections of the Companies, hence I have used Income approach for valuation of equity shares of **Transferor Companies** and **Transferee Company**. Please refer to the valuation analysis for more information.

3. Cost Approach / Asset Approach:

This approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The cost approach should be applied and afforded significant weight under the following circumstances:

- Partners would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not willing to pay a significant premium for the ability to use the subject asset immediately.
- The asset is not directly income generating and the unique nature of the asset makes using an income approach or market approach unfeasible and/ or
- The basis of value being used is fundamentally based on replacement cost, such as replacement value.

Asset Value Method or Book Value Method does not consider the future stream of benefits and hence this approach has not been considered for valuation of equity shares of **Transferor Companies** and **Transferee Company**. However please refer to the valuation analysis for more information.

X. Valuation Methodologies:

According to Standard valuation practice, the fundamental precondition for obtaining significant and comparable valuations in determining the equity share value transactions is the consistency and comparability of the methods applied according to the characteristics of the company and company being valued.



In addition, a second fundamental principal often adopted for determining equity share value is the "Stand alone" assumption. That is, a valuation perspective based on the current configuration and future prospects of the company on an independent basis, without taking any potential synergies from determining the equity share value into account.

As stated previously, the selected methodologies-which represent recognized techniques, widely used in valuation practice both in India and internationally - should not be considered individually, but rather as different parts of a single valuation process. Independent use of the results obtained from each methodology, without duly considering the complementary relationship with other methodologies, will result into loss of the meaningfulness of valuation process itself.

Valuation of the equity shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may have been prepared to pay goodwill. This exercise may be carried out on the basis of generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of business
- Economic Life Cycle in which the company is operating and
- Extent to which and comparable information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgement of the Valuer.

XI. Procedures Adopted in Carrying Out the Valuation and Valuation Standards Followed:

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Discussion with the Companies to:
 - Understand the business and fundamental factors that affect its earning – generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance;
 - Enquire about business plans and future performance estimates.
- Undertook economic & industry Analysis:
 - Research publicly available market data including economic factors and industry trends that may impact the valuation;
 - Other publicly available information.
- Analysis of information;



- Selection of appropriate internationally accepted valuation methodologies after deliberations;
- Determination of value of Companies;
- Evaluation and finalization of Share Exchange Ratio for Merger.

XII. Major Factors That Were Taken into Account During the Valuation:

- Key operating and financial parameters of the Company;
- For computing the net asset value (adjusted) as on valuation date, we have relied on the valuation reports provided by the Companies for asset class land & building and plant & machinery of **Transferor Companies** and **Transferee Company**.

XIII. Valuation Analysis:

The share exchange ratio has been arrived at on the basis of a relative equity valuation **Transferor Company 1, Transferor Company 2** and **Transferee Company**.

The share exchange ratio is based on the methodologies explained herein earlier and various qualitative factors relevant to each Company and the business dynamics and growth potential of the businesses of the Companies, having regard to information, key underlying assumptions and limitations.

For the purpose of the current valuation exercise, we have provided following weights to the valuation methodologies based on our understanding of the financial position and other various factors relevant to the valuation exercise:

Name	Prayag Chemicals Private Limited ("Transferor Company 1")			V.S. Polymers Private Limited ("Transferor Company 2")			Punjab Alkalies and Chemicals Ltd ("Transferee Company")		
	Value per share in INR	Weightage (Wgt)	Value x Wgt	Value per share in INR	Weightage (Wgt)	Value x Wgt	Value per share in INR	Weightage (Wgt)	Value x Wgt
Market Approach ¹	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	110.36	50%	55.18
Income Approach ²	1,794.94	100%	1,794.94	216.01	100%	216.01	114.31	50%	57.16
Asset Approach ³	1,740.20	0%	0	109.18	0%	0	49.77	0%	0
Weighted Average Value in INR	1,794.94			216.01			112.34		

¹ Market Price Method

² DCF Method

³ Adjusted NAV Method



Notes:

1. Please refer to Annexure 1, Annexure 2 and Annexure 3 for more detail on valuations of above companies.
2. Valuation of all the Companies using adjusted NAV method has been derived after taking into account following valuation reports of its asset class – Land & Building and Plant & Machinery:
 - a. For **Transferor Company 1**:
 - i. Valuation Report of Asset Class – Land & Building as provided by Mr. Sanjiv Bansal, dated 18/07/2021.
 - ii. Valuation Report of Asset Class – Plant & Machinery as provided by Mr. Satya Narayan Mishra, dated 16/07/2021.
 - b. For **Transferor Company 2**:
 - i. Valuation Report of Asset Class – Land & Building as provided by Mr. Sanjiv Bansal, dated 29/07/2021.
 - ii. Valuation Report of Asset Class – Plant & Machinery as provided by Mr. Satya Narayan Mishra, dated 16/07/2021.
 - c. For **Transferee Company**:
 - i. Valuation Report of Asset Class – Land & Building (Nangal Industrial Unit) as provided by Mr. Sanjiv Bansal, dated 30/06/2021.
 - ii. Valuation Report of Asset Class – Land & Building (Chandigarh Shop Cum Office) as provided by Mr. Sanjiv Bansal, dated 03/07/2021.
 - iii. Valuation Report of Asset Class – Plant & Machinery (Nangal Industrial Unit) as provided by M/s HSB D Techserv Private Limited, dated 01/02/2021.
 - iv. Valuation Report of Asset Class – Plant & Machinery (Chandigarh Shop Cum Office) as provided by Mr. Rakesh Kumar Bansal, dated 17/02/2021.
3. Though the book value for all the Companies have been derived using adjusted NAV method but 0 (zero) weightage has been given to the same due to the premise that the book value does not give the true value / fair value for a going concern business, as the same is mainly used in cases where the asset base dominates earnings capability.
4. For valuation of **Transferee Company**, using market price method, the pricing guidelines, as per Regulation 164(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time), have been considered, along with the Income Approach with equal weightage to both the methods.



XIV. Recommendations of Share Exchange Ratio for Merger:

In light of the above and on considerations of all the relevant factors and circumstances, it is recommended that the share exchange ratio for the proposed amalgamation of **Prayag Chemicals Private Limited** (“Transferor Company 1”) and **V.S. Polymers Private Limited** (“Transferor Company 2”) with **Punjab Alkalies and Chemicals Ltd** (“Transferee Company”) to be:

For Prayag Chemicals Private Limited:

“703 (Seven Hundred Three) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of the Transferor Company 1, for every 44 (Forty Four) fully paid-up equity shares of face value of Rs. 100 (Rupees One Hundred) each held by them in the Transferor Company 1.”

For V.S. Polymers Private Limited

“298 (Two Hundred Ninety-Eight) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of the Transferor Company 2, for every 155 (One Hundred Fifty-Five) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each held by them in the Transferor Company 2.”

XV. Gratitude:

I have been interacting with representatives of the all the Companies, for all information and documents related to the said valuation. I am grateful to the representatives and management for making information and particulars available to me, often at a short notice, without which this assessment would not have been concluded in a time-bound manner.

XVI. Caveats, Limitations and Disclaimers:

i. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report. My report is meant for the purpose mentioned above 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.

ii. Responsibility of Registered Valuer

I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

iii. Accuracy of Information

While the work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information and I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the client company(s). Provision of valuation opinions and consideration of the issues described herein are areas of my 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. My report is subject to the scope and limitations detailed in the Valuation Report. 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.

iv. Achievability of the forecast results

I do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. I express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

v. Post Valuation Date Events

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.



vi. Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. The valuation of Company and business is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

vii. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged

The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction, the nature of the business, The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.

viii. Reliance on the representations of the owners/clients, their management and other third parties

The owner company and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the owners company, their management and other third parties concerning the financial data and operational data. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Company. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Company, their directors, employees or agents.

ix. No procedure performed to corroborate information taken from reliable external sources

I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable



care has been taken to ensure that such data has been correctly extracted from those sources and are reproduced in its proper form and context of Valuation Report.

x. Compliance with relevant laws

The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the financial statements provided to me.

xi. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of judicious discretion, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Financials Statements but could strongly influence the value.

xii. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report

I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my tendering evidence before such authority shall be under the applicable laws.

xiii. Provisional information as on Valuation Date

I have considered financials as on the last available financial statements as the proxy for the financial position as of the valuation date, valuation report may change post availability of such information.

xiv. Events occurring after the date

Events occurring after the date hereof may affect this Report and the assumptions in preparing it, and I do not assume any obligation to update revise or reaffirm this report.



- xv. **Analysis and review carried out but have not carried out a due diligence or audit**
In the course of the Valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad enquiry, analysis and review but have not carried out due diligence or audit of the information provided for the purpose of this engagement. The conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

Thanking You,



RV FCS Abhinav Agarwal

Registered Valuer & Corporate Law Advisor

IBBI Reg. No. IBBI/RV/06/2019/12564

ICAI RVO membership no. ICAIRVO/06/RV-P00292/2019-2020

Date: September 02, 2021

Place: New Delhi

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Valuation Workings

Prayag Chemicals Private Limited (Transferor Company 1)

Income Approach

All amounts in Lakhs						
Income Statement	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Perpetuity
Period - Mid Year	0.29	1.08	2.08	3.08	4.08	4.58
Profit After Tax	86.94	129.73	140.25	138.10	136.47	
Less: Other Income	(7.48)	(7.48)	(7.48)	(7.48)	(7.48)	
Profit After tax (Adjusted)	79.46	122.25	132.77	130.61	128.98	141.47
Depreciation	7.75	7.13	6.56	6.03	9.55	-
Capital Expenditure	-	-	-	(50.00)	-	-
Changes in Net Current Assets	153.03	(38.74)	(42.54)	(15.95)	(14.30)	(2.82)
Free Cash Flows to Equity	240.24	90.64	96.78	70.69	124.23	138.64
Adjusting Factor as per Date of Valuation	100.10	-	-	-	-	-
Adjusted Free Cash Flows	140.14	90.64	96.78	70.69	124.23	138.64
Terminal Value at end of period						1,050.32
Discounting factor	0.9584	0.8539	0.7380	0.6379	0.5513	0.5125
Present value of free cash flows	134.30	77.39	71.43	45.09	68.49	538.33
Sum of present values of free cash flows	935.02					
Add: Tax Benefit on Dep basis Net Block as on FY 2026	7.45					
Less: Contingent liability / tax dues	(3.25)					
Value of Equity	939.22					
Outstanding number of shares	52,326					
Value per share (in Rs.)	1,794.94					

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Asset Approach

M/S. PRAYAG CHEMICALS PVT. LTD. Computation of Adjusted Net Asset Value Basis Audited Financials as on March 31, 2021 All Figures in INR Lakh	
Particulars	
Non Current Assets	
Fixed Assets	96.86
Current Assets	
Inventory	82.48
Trade Receivables	916.99
Cash and Cash equivalents	11.61
Short term Loan and Advances	9.25
Other Current Assets	0.14
Total Assets -(A)	1117.33
Non Current liabilities	
Deferred Tax Liabilities	8.15
Current Liabilities	
Short term borrowings	300.05
Trade Payables	278.71
Other Current Liabilities	120.1
Short term provisions	0.51
Total Liabilities- (L)	707.52
Net Assets Value	409.81
Less: Book value of P&M	-65.02
Add: Fair Value of P&M^	105.63
Less: Book value of L&B	(31.84)
Add: Fair value of L&B^^	492.00
Adjusted Net Asset Value	910.58
Number of Shares outstanding	52,326
Value per share (INR)	1,740.20



Valuation Workings

V.S. Polymers Private Limited (Transferor Company 2)

Income Approach

All amounts in Lakhs						
Income Statement	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Perpetuity
Period - Mid Year	0.29	1.08	2.08	3.08	4.08	4.58
Profit After Tax	173.63	181.61	194.98	191.94	185.75	
Less: Other Income	(7.48)	(7.48)	(7.48)	(7.48)	(7.48)	
Profit After tax (Adjusted)	166.15	174.12	187.49	184.45	178.27	187.06
Depreciation	8.59	7.04	5.78	4.74	12.88	10.00
Capital Expenditure	(0.00)	-	(0.00)	(50.00)	-	(10.00)
Changes in Net Current Assets	172.49	(18.82)	(32.72)	(4.49)	(4.60)	(5.74)
Repayment of Long Term Borrowings	(2.40)	-	-	-	-	-
Free Cash Flows to Equity	344.83	162.35	160.55	134.70	186.55	181.33
Adjusting Factor as per Date of Valuation	143.68	-	-	-	-	-
Adjusted Free Cash Flows	201.15	162.35	160.55	134.70	186.55	181.33
Terminal Value at end of period						1,373.68
Discounting factor	0.9584	0.8539	0.7380	0.6379	0.5513	0.5125
Present value of free cash flows	192.77	138.63	118.49	85.92	102.85	704.06
Sum of present values of free cash flows	1,342.71					
Add: Tax Benefit on Dep basis Net Block as on FY 2026	5.37					
Less: Contingent liability / tax dues	(13.83)					
Value of Equity	1,334.25					
Outstanding number of shares	6,17,670					
Value per share (in Rs.)	216.01					

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Abhinav Agarwal



Asset Approach

M/S. V.S.POLYMER PVT. LTD. Computation of Adjusted Net Asset Value Basis Audited Financials as on March 31, 2021 All Figures in INR Lakh	
Particulars	
Non Current Assets	
Fixed Assets	47.73
Current Assets	
Inventory	64.48
Trade Receivables	1,010.54
Cash and Cash equivalents	6.60
Short term Loan and Advances	11.76
Other Current Assets	0.39
Total Assets -(A)	1,141.49
Non Current liabilities	
Long Term Borrowings	2.40
Deferred Tax Liabilities	5.87
Current Liabilities	
Short term borrowings	0.53
Trade Payables	731.26
Other Current Liabilities	24.49
Short term provisions	3.87
Total Liabilities- (L)	768.42
Net Assets Value	373.07
Less: Book value of P&M	(40.04)
Add: Fair Value of P&M ^A	103.01
Less: Book value of L&B	(7.67)
Add: Fair value of L&B ^{AA}	246.00
Adjusted Net Asset Value	674.37
Number of Shares outstanding	6,17,670
Value per share (INR)	109.18



Valuation Workings**Punjab Alkalies and Chemicals Ltd (Transferee Company)**Market Approach

Week	From	To	High	Low	Average
1	March 04, 2021	March 10, 2021	67.20	55.68	61.44
2	March 11, 2021	March 17, 2021	79.78	71.73	75.76
3	March 18, 2021	March 24, 2021	99.02	80.47	89.75
4	March 25, 2021	March 31, 2021	86.80	83.67	85.23
5	April 01, 2021	April 07, 2021	99.91	91.89	95.90
6	April 08, 2021	April 14, 2021	96.68	89.62	93.15
7	April 15, 2021	April 21, 2021	90.85	86.49	88.67
8	April 22, 2021	April 28, 2021	89.75	85.58	87.67
9	April 29, 2021	May 05, 2021	96.02	86.35	91.18
10	May 06, 2021	May 12, 2021	111.59	101.34	106.47
11	May 13, 2021	May 19, 2021	96.38	94.41	95.40
12	May 20, 2021	May 26, 2021	96.07	83.34	89.71
13	May 27, 2021	June 02, 2021	91.70	79.96	85.83
14	June 03, 2021	June 09, 2021	93.03	91.11	92.07
15	June 10, 2021	June 16, 2021	91.90	86.69	89.29
16	June 17, 2021	June 23, 2021	86.66	83.97	85.32
17	June 24, 2021	June 30, 2021	85.23	82.73	83.98
18	July 01, 2021	July 07, 2021	85.12	82.98	84.05
19	July 08, 2021	July 14, 2021	85.69	80.85	83.27
20	July 15, 2021	July 21, 2021	94.65	82.77	88.71
21	July 22, 2021	July 28, 2021	123.66	93.83	108.74
22	July 29, 2021	August 04, 2021	130.75	115.45	123.10
23	August 05, 2021	August 11, 2021	117.50	106.82	112.16
24	August 12, 2021	August 18, 2021	118.17	110.20	114.18
25	August 19, 2021	August 25, 2021	109.42	107.44	108.43
26	August 26, 2021	September 01, 2021	115.73	108.85	112.29
Average of weekly High and Low of the Volume Weighted Average Price of preceding 26 weeks of the Relevant Date					93.53

Week	From	To	High	Low	Average
1	August 19, 2021	August 25, 2021	109.42	107.44	108.43
2	August 26, 2021	September 01, 2021	115.73	108.85	112.29
Average of weekly High and Low of the Volume Weighted Average Price of preceding last 2 weeks of the Relevant Date					110.36

Applicable Minimum Price (Higher of the above): Rs 110.36 per share⁴

⁴ In accordance with Regulation 164(1) of SEBI (ICDR), 2018. Historical stock prices from www.bseindia.com have been used to calculate the same.



Income Approach

The forecasts of **Transfree Company** being price sensitive information, the valuations workings of the Company under this approach have not been provided here.

Asset Approach

PUNJAB ALKALIES AND CHEMICALS LTD. Computation of Adjusted Net Asset Value Basis Unaudited Financials as on March 31, 2021 All Figures in INR Lakh	
Particulars	
Non Current Assets	
Fixed Assets	
Property, Plant & Equipment	15,615.87
Capital Work in Progress	3,458.39
Other Intangible Assets	9.40
Financial Assets	594.64
Other Non Current Assets	218.78
Current Assets	
Inventories	624.19
Trade Receivables	1,623.66
Cash and Cash equivalents	799.14
Short term Loan and Advances	8.98
Other Current Assets	1,616.90
Total Assets -(A)	24,569.95
Non Current liabilities	
Long Term Borrowings	42.74
Long Term Provisions	1,329.51
Deferred Tax Liabilities	540.20
Current Liabilities	
Short term borrowings	242.11
Trade Payables	2,763.73
Other Current Liabilities	9,624.51
Short term provisions	363.85
Total Liabilities- (L)	14,906.65
Net Assets Value	9,663.30
Less: Book value of P&M ^A	-10750.13
Add: Fair Value of P&M	17200.79
Less: Book value of L&B ^{AA}	(4,373.32)
Add: Fair value of L&B	12,382.50
Adjusted Net Asset Value	24123.14
Number of Shares outstanding	4,84,68,644.00
Value per share (INR)	49.77

