

December 12, 2023

Private and Confidential

To,

The Board of Directors

Chembond Chemicals Limited

Chembond Centre EL - 71,

MIDC, Mahape, Navi Mumbai,

Maharashtra, India – 400710,

Dear Sir(s) / Madam(s),

Subject: Fairness Opinion Report on the Share Entitlement Report issued by SSPA & Co., Chartered Accountants dated December 12, 2023, for the proposed Scheme of Arrangement by Chembond Chemicals Limited

Chembond Chemicals Limited ('CCL', 'the Company', 'the Demerged Company', 'you', 'your'), incorporated on March 22, 1975, is engaged in the business of manufacturing a diverse range of specialty chemicals like water treatment, polymers, construction chemicals, high performance coatings, animal health and industrial biotech products. The equity shares of CCL are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') (both are collectively referred to as 'the Stock Exchanges').

One of the businesses of CCL includes manufacturing chemicals used in treatment of water and chemicals used in construction and civil repairs industry ('the Demerged Undertakings'). We understand that the Board of Directors of CCL are proposing a scheme of arrangement under Sections 230-232 and other applicable provisions of the Companies Act, 2013 ('the Scheme'), which inter alia, provides for the transfer and vesting of the Demerged Undertakings as a going concern to a Wholly Owned Subsidiary of CCL, which is in the process of incorporation ('the Resulting Company'), with effect from the Appointed Date i.e. April 1, 2024. ('the Proposed Demerger'). The Demerged Company and the Resulting Company are together known as 'the Companies'. As part of the Scheme, the equity shares of Resulting Company held by CCL will stand cancelled on the Effective date of the Scheme. Pursuant to the Scheme, as a consideration for the Proposed Demerger, the equity shareholders of CCL would be allotted the equity shares of the Resulting Company.

CCL has appointed Vivro Financial Services Private Limited, a Merchant Banker registered with SEBI having the Registration Number INM000010122 ('Vivro', 'VFSP', 'Merchant Banker', 'we', 'us', 'our'), through an Engagement Letter dated December 04, 2023 to issue a Fairness Opinion Report under the extant SEBI Master Circular, title SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, ('the SEBI Circular'), on the Share Entitlement Report dated December 12, 2023 ('the Share Entitlement Report') issued by SSPA & Co. Chartered Accountants, ICAI Firm registration number: 128851W, registered with the Insolvency and



Bankruptcy Board of India ('IBBI') having the Registration Number IBBI/RV-E/06/2020/126. ('the Registered Valuer').

The attached Fairness Opinion Report ('the Fairness Opinion Report') has been issued for complying with the extant provisions of the regulations as mentioned above and shall not be valid for any other purpose.

Our Fairness Opinion Report is to be read in conjunction with the scope and purpose, the sources of information and the assumptions, exclusions, limitations, and the disclaimers, as have been detailed hereinafter. This letter should be read in conjunction with the Fairness Opinion Report.

Should you require any further information or explanations, please contact the undersigned.

For, Vivro Financial Services Private Limited



Jayesh Vithlani
Sr. Vice President



1. SCOPE, PURPOSE AND USAGE OF THIS FAIRNESS OPINION REPORT

- 1.1 The Board of Directors of the Companies are planning to enter into a scheme of arrangement in accordance with Section 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended, rules framed thereunder as well as other applicable laws, regulations and applicable circulars. The Scheme, inter alia, provides for transfer and vesting of the Demerged Undertakings from the Demerged Company to the Resulting Company, as a going concern.
- 1.2 For the aforesaid purpose, CCL has appointed SSPA & Co., Chartered Accountants, (ICAI Firm: 128851W) registered with IBBI/RV-E/06/2020/126, to submit a Share Entitlement Report recommending the Share Entitlement Ratio for the Proposed Demerger for the consideration by the Board of Directors of the Companies.
- 1.3 The scope of our services is to issue a Fairness Opinion Report on the Share Entitlement Report of the Registered Valuer for the proposed Scheme as required and applicable under the SEBI Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and other applicable provisions of law, as amended from time to time. The scope of our services does not involve opining on the fairness or economic rationale of the Scheme per se.
- 1.4 This Fairness Opinion Report is our deliverable on this engagement. The Fairness Opinion Report has been issued to facilitate CCL in complying with the extant provisions of the regulations, as mentioned above, and shall not be valid for any other purpose.
- 1.5 The distribution of this Fairness Opinion Report shall be restricted to the Companies, Shareholders, SEBI, Stock Exchanges and such other regulatory bodies required to give effect to the Scheme, including but not limited to the Registrar of Companies and the National Company Law Tribunal.
- 1.6 This Fairness Opinion Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Fairness Opinion Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



2. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of CCL for the purpose of this Fairness Opinion Report:

- 2.1 Draft Scheme of Arrangement by CCL;
- 2.2 Last updated shareholding pattern of CCL;
- 2.3 Share Entitlement Report of SSPA & Co., Chartered Accountants, (ICAI Firm: 128851W) registered with the IBBI having the Registration Number IBBI/RV-E/06/2020/126, dated December 12, 2023;
- 2.4 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of this Fairness Opinion Report.

The Companies have been provided with the opportunity to review the draft Fairness Opinion Report (excluding our opinion on recommendation of the Share Entitlement Report) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided.

3. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS

- 3.1 This Fairness Opinion Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. This Fairness Opinion Report is restricted for the purpose indicated in the Engagement Letter but does not preclude the management of the Companies to provide a copy of this Fairness Opinion Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for any unauthorized use of this Fairness Opinion Report.
- 3.2 In the course of the Fairness Opinion Report, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies 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.
- 3.3 This Fairness Opinion Report, its contents, and the results herein (i) are specific to the purpose agreed as per the terms of our engagement; (ii) are specific to the date of this Fairness Opinion Report and other conditions in general and the written and oral information made available to us by the management of CCL as on date of this Fairness Opinion Report. The events occurring after



this date may affect this Fairness Opinion Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion Report.

- 3.4 We have not provided any accounting, tax, or legal advice to the Companies neither are we required to in terms of the Engagement Letter.
- 3.5 We have not examined the tax implication of the present transaction neither are we required to in terms of the Engagement Letter.
- 3.6 We have not revalued any asset, nor physically verified any assets of the Companies neither are we required to in terms of the Engagement Letter.
- 3.7 This Fairness Opinion Report assumes that the Companies are fully compliant with relevant laws and regulations applicable in their area of operations. Further, this Fairness Opinion 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 financials provided to us and not relevant or applicable to the subject matter of our analysis.
- 3.8 We are independent of the Companies and hold no specific interest in the Companies or its assets, nor do we have any conflict of interest with the Companies.
- 3.9 The fee for this engagement is not contingent upon the results reported and the conclusion arrived at by us.
- 3.10 This Fairness Opinion Report is furnished on a strictly confidential basis. Neither this Fairness Opinion Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.

4. VALUER'S RECOMMENDATION

- 4.1 The Share Entitlement Ratio in consideration for the Proposed Demerger as recommended by the Management is:

"2 (Two) equity shares of INR 5 each fully paid up of the Resulting Company for every 1 (One) equity share of INR 5 each fully paid up held in Chembond Chemicals Limited".



5. CONCLUSION

We have perused the Share Entitlement Ratio Report for the Scheme of Arrangement by Chembond Chemicals Limited and have considered the justification as mentioned therein in arriving at the Share Entitlement Ratio. Pursuant to and subject to the foregoing, we are of the opinion that the Share Entitlement Ratio, as recommended by SSPA & Co., Chartered Accountants, (ICAI Firm: 128851W) registered with IBBI/RV-E/06/2020/126, in their Share Entitlement Report dated December 12, 2023 for the proposed Scheme, is fair.

For, Vivro Financial Services Private Limited



Jayesh Vithlani

Sr. Vice President

Date: December 12, 2023

Place: Ahmedabad

