- 69 -

SCHEDULE VII

Valuation Reports prepared by Hoda Vasi Chowdhury & Co

-70-

Report on

Calculation of Purchase Consideration and Valuation of Shares

of

Advanced Chemical Industries Limited ("ACI Limited" or "Transferee Company"),

and

Premiaflex Plastics Limited excluding Plastics Business Undertaking ("PPL" or "Remaining Business")

and

Valuation of Net Assets of Plastics Business Undertaking of Premiaflex Plastics Limited ("PBU")

(Valuation date: June 30, 2021)

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Hoda Vasi Chowdhury & Co

23 November 2021

The Board of Directors
Advanced Chemical Industries Limited
ACI Centre 245, Tejgaon Industrial Area
Dhaka-1208, Bangladesh.

Dear Sirs,

Report on "Calculation of Purchase Consideration and Valuation of Shares" of Advanced Chemical Industries Limited ("ACI Limited" or "Transferee Company"), Premiaflex Plastics Limited, excluding Plastics Business Undertaking ("PPL" or "Remaining Business") and Valuation of Net Assets of Plastics Business Undertaking of Premiaflex Plastics Limited (PBU).

Reference: Engagement letter dated May 4, 2021

We are pleased to submit this report for the purpose of merger of Premiaflex Plastics Limited, excluding Plastics Business Undertaking ("PPL" or "Remaining Business") with and into ACI Limited and demerger of Plastics Business Undertaking of Premiaflex Plastics Limited based on the valuation of shares of ACI Limited, Premiaflex Plastics Limited, excluding Plastics Business Undertaking ("PPL" or "Remaining Business") and valuation of net assets of Plastics Business Undertaking of Premiaflex Plastics Limited (PBU).

The report contains following four Sections:

1. Section: A Calculation of Purchase Consideration;
2. Section: B Valuation of Shares of ACI Limited/Transferee Company as of June 30, 2021;
3. Section: C Valuation of Shares of Premiaflex Plastics Limited, excluding Plastics Business Undertaking ("PPL" or "Remaining Business") as of June 30, 2021; and
4. Section: D Valuation of Net Assets of Plastics Business Undertaking of Premiaflex Plastics Limited ("PBU") as of June 30, 2021.

We would like to take the opportunity to express our thanks and deep appreciation to the management of ACI Group for the courtesies and cooperation extended to our representatives in the successful accomplishment of our assignment.

Thanking you.

Yours faithfully,

Sk. Md. Tarikul Islam
Chartered Business Valuator (CBV, Canada), FCA
Partner

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TABLE OF CONTENTS

SECTION: A

Calculation of Purchase Consideration

**For the purpose of merger between
Advanced Chemical Industries Limited ("ACI Limited" or
"Transferee Company")
&
Premiaflex Plastics Limited, excluding
Plastics Business Undertaking ("PPL" or "Remaining Business")
and
demerger of Plastics Business Undertaking of
Premiaflex Plastics Limited ("PBU")**

-74-

1. Introduction

ACI Group engaged Hoda Vasi Chowdhury & Co, Chartered Accountants to calculate the pu consideration for the purpose of merger of Premiaflex Plastics Limited, excluding Plastics B Undertaking ("PPL" or "Remaining Business") with Advanced Chemical Industries Limited ("ACI Li or "Transferee Company") and demerger of Plastics Business Undertaking of Premiaflex Plastics L ("PBU") based on the Valuation of share of ACI Limited and PPL as well as valuation of net assets of I of June 30, 2021 for the purpose mentioned in the following sections of this report.

2. Purpose of Valuation

The Boards of Directors of both the Companies have proposed to merge Premiaflex Plastics L (excluding Plastics Business Undertaking), subsidiary company of ACI Limited with ACI Limited company) and also, to demerge Plastics Business Undertaking of Premiaflex Plastics Limited in o establish unique business identity through forming a new company namely ACI Premio Plastics L Hence, the purpose of valuation is to arrive at fair value of each of the Companies'/ Undertaking's shar assets.

3. Valuation date

The valuation date for the purpose of the Calculation of Purchase Consideration is June 30, 2021.

4. Summary of Share Price and Exchange Ratio

Part A: Merger

Exchange ratio between ACI Limited and Premiaflex Plastics Limited (excluding Plastics Business Undertaking)

ACI Limited:

The valuation of shares of ACI Limited as of 30 June 2021 has been carried out and the fair value c arrived at **BDT 291** per share of BDT 10 each. (Refer to **"Section: B"** of this report).

Premiaflex Plastics Limited, excluding Plastics Business Undertaking:

The Valuation of shares of Premiaflex Plastics Limited, excluding Plastics Business Undertaking (PPI June 30, 2021 has been carried out and the fair value arrived at **BDT 1,494** per share of BDT 1000 each to **"Section: C"** of this report).

Particulars	ACI Limited As on June 30, 2021	PPL As on June 30, 2021
Fair value of share (In BDT)	291	1,494
Exchange ratio	**5.134:1**	

Note: Figures of share price have been rounded off and figure of exchange ratio has been rounded-of to three digits after the decimal point.

The exchange ratio for each share of Premiaflex Plastics Limited, excluding Plastics B Unit/Undertaking with the shares of ACI Ltd has been arrived at **5.134:1**. It means that ACI Limited w

5.134 shares for 1 (One) share to the equity shareholders of Premiaflex Plastics Limited (excluding Plastics Business Undertaking).

Part B: Demerger

Net assets of Plastics Business Undertaking of Premiaflex Plastics Limited (PBU) will be allotted as ordinary shares to the equity shareholders of Premiaflex Plastics Limited according to their shareholding ratios. Detailed shareholding ratio of Premiaflex Plastics Limited is enumerated as under:

Description	Percentage of Shareholding
Advanced Chemical Industries Limited	87.315%
Mr. M Anis Ud Dowla	12.660%
Mrs. Najma Dowla	0.025%
Total	**100%**

5. Purchase Considerations

The exchange ratio as determined above may be used for exchange of the shares of ACI Limited with that of Premiaflex Plastics Limited, excluding Plastics Business Undertaking and also, allocation of shares to the existing shareholders of Premiaflex Plastics Limited, excluding Plastics Business Undertaking (PPL). The list of shareholders with their possible holding of shares in ACI Limited in exchange of their shares in Premiaflex Plastics Limited (excluding Plastics Business Undertaking) and also, the list of shareholders with their possible holding of shares in Plastics Business Undertaking of Premiaflex Plastics Limited (PBU) with the agreed exchange ratio is shown in the following tables-

Part A: Merger

Shares to be issued by ACI Limited to the existing Shareholders of Premiaflex Plastics Limited (excluding Plastics Business Undertaking)

Shareholders name	Existing share	Exchange ratio	Total new shares to be issued by ACI Ltd
Mr. M. Anis Ud Dowla	37,980	5.134	194,989
Mrs. Najma Dowla	75	5.134	385
Total			**195,374**

The shareholders of Premiaflex Plastics Limited, excluding Plastics Business Undertaking given above will not be issued/allocated any fraction shares in ACI Limited. Any fraction arising on issue of equity share as above will be rounded off, or as the case may be, truncated, to the nearest integer.

Details of pre-merger shares held by shareholders of Premiaflex Plastics Limited, excluding Plastics Business Undertaking and number of shares to be issued by ACI Limited at exchange ratio of 5.134: 1

Shareholders Name	Premiaflex Plastics Limited (PPL)	Advanced Chemical Industries Limited (ACI Ltd)
	Existing (Pre-merger) number of shares held by different shareholders as of June 30, 2021	Number of new shares (Post merger) to be issued by ACI Ltd at exchange ratio [1:5.134]
	(No. of Paid-up Shares at BDT 1,000)	(No. of shares in ACI Ltd at BDT 10)
ACI Limited	261,945	N/A
Mr. M Anis Ud Dowla	37,980	194,989
Mrs. Najma Dowla	75	385

Note: Figures have been rounded-off to Zero

Part B: Demerger

Shares to be issued by Plastics Business Undertaking of Premiaflex Plastics Limited to the existing Shareholders of Premiaflex Plastics Limited

Description	No. of Shares	Percentage of Shareholding	Face Value of Shares	Value of Shares
ACI Limited	34,794,678	87.315%	10	347,946,780
Mr. M Anis Ud Dowla	5,044,960	12.660%	10	50,449,600
Mrs. Najma Dowla	9,962	0.025%	10	99,620
Total	**39,849,600**	**100%**	**10**	**398,496,000**

6. Post-merger Shareholdings in ACI Limited and Post-demerger shareholdings in Plastics Business Undertaking of Premiaflex Plastics Limited (PBU)

The shareholders' holdings of shares in ACI Limited after the merger will stand as follows:

Shareholders Name	Pre-merger number of shareholdings		New shares to be issued for merger	Post-merger shareholdings	
	No of shares	%	No of shares	No of shares	%
Directors	22,265,856	35.28	195,374	22,461,230	35.48
Institutions	27,162,781	43.04	-	27,162,781	42.91
General Shareholder	13,681,613	21.68	-	13,681,613	21.61
Total	**63,110,250**	**100**	**195,374**	**63,305,624**	**100**

The shareholders' holdings of shares in Plastics Business Undertaking of Premiaflex Plastics Limited after the demerger will stand as follows:

Amount in BDT

A) Conversion of Net Assets of Plastics Business Undertaking into Share Capital of ACI Premio Plastics Limited				
Description	**No. of Shares**	**Percentage of Shareholding**	**Face Value of Shares**	**Value of Shares**
ACI Limited	34,794,678	87.315%	10	347,946,780
Mr. M Anis Ud Dowla	5,044,960	12.660%	10	50,449,600
Mrs. Najma Dowla	9.962	0.025%	10	99,620
Total	**39,849,600**	**100%**	**10**	**398,496,000**
B) Reallocation of initial equity shares of ACI Premio Plastics Limited				
Description	**No. of Shares**	**Percentage of Shareholding**	**Face Value of Shares**	**Value of Shares**
ACI Limited	19,999	99.99%	10	199,990
Mr. M Anis Ud Dowla	1	0.005%	10	10
Total	**20,000**	**100%**	**10**	**200,000**
Grand Total (A+B)	**39,869,600**	**100%**	**10**	**398,696,000**

7. Disclaimer

Under this engagement, Hoda Vasi Chowdhury & Co, Chartered Accountants is not responsible to form any legal explanation or opinion to this connection. Our responsibility is to calculate the purchase consideration based on the valuation of shares of the companies to be merged and demerged as well as post-merger shareholdings in ACI Limited and Plastics Business Undertaking of Premiaflex Plastics Limited. As such, we suggest that legal advice from competent legal experts should be obtained by ACI Group to address any possible legal or regulatory issues.

-78-

Section B

Valuation of Shares
of
Advanced Chemical Industries Limited
("ACI Limited" or "Transferee Company")

ADVANCED CHEMICAL INDUSTRIES LIMITED

EXECUTIVE SUMMARY

About the Company

Advanced Chemical Industries Limited (hereinafter referred to as "ACI Limited", "Transferee Company", "the Company" or "the Entity") is a public limited company incorporated in Bangladesh under the Companies Act, 1994 on 24 January 1973 as ICI Bangladesh Manufacturers Limited vide registration no. C-3885. The registered office of the Company is at 245 Tejgaon Industrial Area, Dhaka-1208 in Bangladesh. ACI Limited, being one of the largest conglomerates in Bangladesh with a multinational heritage, operates across the country through its diversified strategic business units. Presently, the Company has fifteen subsidiaries and four associates and two joint venture. Premiaflex Plastics Limited ("Demerged Company" or "Transferor Company") is one of the subsidiaries of ACI Limited wherein ACI Limited has shareholding interest of 87.315%. It has been proposed that Premiaflex Plastics Limited excluding Plastics Business Undertaking ("PPL" or "Remaining Business") will merge with ACI Limited through share for share exchange.

Purpose of the Valuation

The purpose of valuation is to arrive at a fair value of the Company's shares in order for merger of Premiaflex Plastics Limited, excluding Plastics Business Undertaking (PPL) with and into ACI Limited.

Valuation Methodology

The following methods are applied in the valuation of the Company:

- i) Asset Based Approach;
- ii) Market Value Approach; and
- iii) Income Approach.

i) Asset Based Approach

An Asset-Based approach is a type of business valuation that focuses on net asset value of the Company. The net asset value is identified by subtracting total liabilities from total assets. Asset-Based approach calculates value based solely on the value of the net assets of the business without consideration of its future earnings capacity.

ii) Market Value Approach (Guideline Companies Method)

Market Value approach is based on the theory that the fair market value of that entity can be estimated based on the price investors are paying for the stocks of that entity or similar publicly traded companies. ACI Ltd., being a listed entity, we have analyzed the share price movement close to the valuation date and over a period of time to determine the market value of share.

iii) Income Approach (Discounted Cash Flow (DCF) Method)

Income approach of valuation also refers to the Discounted Cash Flow (DCF) Method which identifies the total value of a company as the present value of its anticipated future earnings arising from its potential to generate revenue from its unique assembly of physical monetary and human resources and its customer base, including the present value of a terminal value (when an indefinite stable growth rate is expected) in a specified period. The present value of anticipated future cash flows is discounted at a present worth factor that reflects the risk inherent in the investment.

Valuation Summary

Theoretically, Asset Based approach for a going concern entity having future prospects provide the floor value of the Company and therefore, we propose 35% weightage on Asset Based valuation. However, in this particular instance, Market Value approach provides lower value than Asset Based valuation as entire stock market was facing downturn trend during that time which has subsequently been rectified as apparent from the recent performance of the market and therefore, we propose 25% weightage on Market Value approach. Further, Income Approach provides the robust valuation which takes into account prospect of the company and then discount them back by at an appropriate discounting factor and therefore, we propose 40% weightage on Discounted Cash Flow valuation. In order to arrive at fair value per share, the above judgment under three methods have been applied and the following prices have been arrived at:

Figures in BDT

Method	Value of the Company	Value per share	Weightage	Weighted value per share
Asset Based Approach	18,893,035,284	299	35%	105
Market Value Approach	15,954,271,200	253	25%	63
Income Approach (DCF method)	19,400,000,000	308	40%	123
Fair Value per share				**291**

Sensitivity Analysis

The following table summarizes the range of per share values resulting from Income approach, Market Value approach and Asset Based approach.

Figures in BDT

	Perpetual growth rate	
Income approach (DCF method)	Decrease by 1%	Increase by 1%
	258	379
	WACC	
	Decrease by 1%	Increase by 1%
	397	246

	Share price	
Market value approach	Decrease by 10%	Increase by 10%
	228	278

	NAV	
Asset based approach	Decrease by 10%	Increase by 10%
	269	328

Valuation Conclusion

Having regards to the assumptions, restrictions and qualifications noted herein this estimate of Comprehensive Valuation Report, we have concluded that the fair value of ACI Limited share as at June 30, 2021 is of **BDT 291** determined as using weighted average method.

ADVANCED CHEMICAL INDUSTRIES LIMITED

MAIN REPORT

1. BACKGROUND OF THE COMPANY

Advanced Chemical Industries Limited (hereinafter referred to as "ACI Limited", "Transferee Company", "the Company" or "the Entity") is a public limited company incorporated in Bangladesh under the Companies Act, 1994 on 24 January 1973 as ICI Bangladesh Manufacturers Limited vide registration no. C-3885. The registered office of the Company is at 245 Tejgaon Industrial Area, Dhaka-1208 in Bangladesh. ACI Limited, being one of the largest conglomerates in Bangladesh with a multinational heritage, operates across the country through its four diversified strategic business units. Presently, the Company has fifteen subsidiaries and four associates and two joint venture. Premiaflex Plastics Limited ("Demerged Company" or "Transferor Company") is one of the subsidiaries of ACI Limited wherein ACI Limited has shareholding interest of 87.315%. It has been proposed that Premiaflex Plastics Limited excluding Plastics Business Undertaking ("PPL" or "Remaining Business") will merge with ACI Limited through share for share exchange.

2. PURPOSE OF VALUATION

The purpose of valuation is to arrive at a fair value of the Company's shares in order for merger of Premiaflex Plastics Limited, excluding Plastics Business Undertaking (PPL) with and into ACI Limited.

3. BASIS OF VALUE USED

Base value represents the **"Fair Value"** of an underlying assets or liabilities. According to the International Financial Reporting Standards (IFRS) -13 *Fair value measurement:* " fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Use of this basis of value is also allowed by the International Valuation Standards (IVS 104- 90.1).

4. VALUATION APPROACHES AND METHODOLOGIES

4.1. Valuation approach

In the valuation of ACI Limited, we have considered a going concern approach given the following:

- Management intends to continue the regular business operations of the Entity;
- The Entity has a history of positive earnings and retained earnings; and
- There are no immediate liquidity or solvency concerns.

4.2. Valuation Methods

The following methods are applied in the valuation of the Company:

i) Asset Based Approach;
ii) Market Value Approach; and
iii) Income Approach.

- 82 -

5. DISCLAIMER

This report is produced on a strictly confidential basis and is intended for the sole use of the management and to their desire and is not to be published, used, circulated, quoted or otherwise referred to for any other purposes nor is this report to be filed with, reproduced, copied, disclosed or referred to in whole or in part in any document.

Except where we have agreed expressly in writing to the contrary, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. Furthermore, we accept no duty or responsibility and deny any liability to the company in relation to this report, whether or not this report influences any of your decisions.

6. SCOPE OF REVIEW

In forming our conclusions as to value, we have reviewed and/or relied upon the following information:

- Six years earnings forecast has been done aligning with the usual increments of revenue, and Cost of goods sold;
- All the operating costs are on the basis historical ratios;
- Forecasted capital investment net of tax shield; and
- Audited financial statements for the year ended 30 June 2019, 2020 and 2021.

The scope of review in each methods of valuation is as under:

6.1 Asset Based Approach

An asset-based approach is a type of business valuation that focuses on net asset value of the Company. The net asset value is identified by subtracting total liabilities from total assets. Asset-based approach calculates value based solely on the value of the net assets of the business without consideration of its future earnings capacity. The asset based approach can be used for valuing both businesses which are going concerns and those which are not. The calculation of a business' net asset backing is a key aspect of assessing a business risk and contributes to the selection of the required return. Generally, Asset Based Approach provides the base value, potentially the lower side value of a company. Of course, an established well-known company having a good customer base sells the prospect of the company which is usually the higher side value of a company. The objective of the asset-based approach is to estimate a business equity (or net asset) value.

6.2 Market Value Approach (Guideline Companies Method)

Market value approach is based on the theory that the fair market value of an entity can be estimated based on the price investors are paying for the stocks of that entity or similar publicly traded (or private) companies. This approach that typically assumes a going-concern premise, comparable company multiples can provide insight into value, and may also be used for corroborative purposes against that of other valuation approaches as well. Moreover, this approach based on comparable company information can also provide objective, empirical data for developing valuation ratios for use in business valuation. This method is commonly used for public and / or larger corporations. However, as the Company is listed in the stock exchange and its shares have already floated in the market, we have used the Company's share price movement to determine as fair value per share of the Company.

6.3 Income Approach (Discounted Cash Flow valuation method)

The fundamental principle of Discounted Cash Flow valuation method is that the value ascribed to an entity is the present value of the future cash stream generated by that entity. Discounted Cash Flow (DCF) is an income based valuation technique. It views the collection of a company's assets as stream of future earnings arising from its potential to generate revenue from its unique assembly of physical, monetary and human resources and its customer base. The fair value of this earnings stream is determined by applying weighted average cost of capital or WACC to the debt free, discretionary cash flow using CAPM approach. Discounted Cash Flow analysis requires the followings:

- Future cash flow estimates over a relevant period of time;
- Assessment of an appropriate discount rate; and
- Estimation of the terminal value at the end of the time period.

For the purpose of this valuation engagement, we have considered the cash flow forecast estimated by us for the Entity from the years 2021-2022 to 2026-2027, based on historical cash flow rates of changes, along with other internal and external factors pertaining to the Company. We have covered the following areas for Discounted Cash Flow method:

- Reviewed the projected net cash flows considering all inflows and outflows of cash and cash equivalents of each year by scrutinizing the relevant items; and
- Determined suitable terminal value at the end of the time period and obtained present value of net cash flows and terminal value by using the applicable discount factor and arrive at the value of the Company.

The aggregate of the discounted cash flow, capitalized terminal year cash flow and redundant assets results in the enterprise value. The fair value of the Company can then be determined by deducting the interest bearing debt on the balance sheet at the valuation date.

7. TYPE OF REPORT

A Comprehensive Valuation Report has been issued to offer the highest level of assurance, contains a conclusion that is based on a comprehensive review and analysis of the business, its industry and all relevant factors.

8. INDEPENDENCE

We confirm that Hoda Vasi Chowdhury & Co, Chartered Accountant, its partners and staff are independent, with respect to ACI Limited, in accordance with the independence requirements of the IESBA Code of Ethics for Professional Accountants adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). No part of our fee is contingent upon the conclusions reached in the valuation or any action or event contemplated in or resulting from the use of, the Valuation. The principal valuator and other staff involved in the preparation of the Valuation acted independently and objectively in completing this engagement.

9. PROFESSIONAL FEE

Our fee is independent of the outcome of the report.

10. COMPOSITION OF TEAM AND KEY PERSONNEL

Realizing the needs of the assignment and areas to be covered, efforts have been made to ensure the quality of the work and reporting thereon. Accordingly, we deployed our resources and deputed a team comprising of technical persons for carrying out the assignment. The Engagement Manager constantly monitored the assignment under the guidance of the Engagement Partner in order to ensure timely and quality reporting.

The composition of the valuation team is as follows:

Engagement Partner	: Sk Md Tarikul Islam, FCA
Engagement Manager	: Md Shikander Hossain, CA (Finalist), CMA (ML)
Assistant Manager	: M.A. Bashar, ACCA
Supervisor	: Md Shah Alam
Engineer	: Md. Ayub Ali Mridha & Mohammad Ashraful Islam

11. VALUATION DATE

The valuation date for valuation of the Company was considered as **30 June 2021** and accordingly, all financial information of the Company have been considered as on that date. Note that those financial information has not been audited by us but a broad review has been carried out.

12. VALUATION CURRENCY

The valuation report has been presented in Bangladesh Taka (Taka/TK/BDT). The amounts in the report have been rounded off to the nearest Taka, unless stated otherwise. Because of those rounding off, in some instance the total may not match the sum of individual balance.

13. ASSUMPTIONS AND LIMITATIONS

Hoda Vasi Chowdhury & Co relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, conclusions or representations (collectively the "Information") obtained from the management of the Company. The Valuation conclusion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of professional judgment and independent review of certain items which have been discussed in the relevant sections of the report. We have not attempted to independently verify the completeness, accuracy or fair presentation of the Entity's information.

In finalizing our calculation of valuation report, we have assumed, in addition to the assumptions noted throughout this report. that:

- The Entity will require additional working capital during the forecast period proportionate to the incremental revenue;

- All projections are prepared in real taka (BDT);
- All rates were provided as real rates;
- The Entity does not have any material redundant asset as at the valuation date; and
- The Entity does not have any material off balance sheet liabilities at the valuation date.

We have assumed that any future-oriented financial information ("FOFI") provided by ACI Limited and its analysis have been reasonably prepared and reflects the best currently available estimates and judgments of the management of the both the companies.

We also assume that:

(i) The information, data, explanations, representations and other materials (financial and otherwise) provided to us orally by, or in the presence of, an officer or employee of the Entity, or in writing by the management and their representatives for the purpose of preparing the Valuation and the Conclusion was, at the date the information was provided to us, and is as of the date hereof, complete, true and correct and did not and does not contain any untrue statement of a material fact in respect of the Entity and its affiliates and did not and does not omit to state a material fact in relation to the Entity and its affiliates necessary to make the Information not misleading in light of the circumstances under which the Information was presented.

(ii) Since the dates on which the Information was provided to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the entity and its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to render the Information untrue or misleading in any material respect in the circumstances in which it was presented or have a material effect on the valuation conclusion.

(iii) To their knowledge, there are no facts not contained in or referred to in the Information provided to us by the management or their representative which would reasonably be expected to affect the valuation or the conclusion, in each case, including the assumptions used, the procedures adopted, the scope of the review undertaken or the conclusions reached.

(iv) All FOFI provided to us has been prepared using assumptions which were reasonable on the date such FOFI was prepared, having regard to the Company's industry, business, financial condition, plans and prospects, represent the best current estimates by the Entity of the most probable results for the periods of the Entity presented therein, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such FOFI, as of the date of the preparation thereof, not misleading in light of the circumstances in which such FOFI was provided to us.

In preparing the valuation and the conclusion, we have made several assumptions, including that all final versions of documents to be executed and delivered in respect of or in connection with the assignment will conform in all material respects to the drafts and summaries provided to us, that all conditions precedent to the assignment can be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the assignment will be obtained, without adverse condition or qualification, that all steps or procedures being followed to indicate the value are valid and effective.

14. SHAREHOLDING POSITION

The shareholding position of the directors and sponsors, institutions and general shareholders of ACI Limited as on 30 June 2021 have been detailed below:

Figures in BDT

Description	No. of Shares	Percentage of Shareholding	Face Value of Shares	Value of Shares
Directors & Sponsors	22,265,856	35.28%	10	222,658,560
Institutions	27,162,781	43.04%	10	271,627,810
General Shareholders	13,681,613	21.68%	10	136,816,130
Total	**63,110,250**	**100%**	**10**	**631,102,500**

15. DETAILS OF VALUATION

15.1. ASSET BASED APPROACH

An Asset-Based approach is a type of business valuation that focuses on net asset value of the Company. The net asset value is identified by subtracting total liabilities from total assets. Asset-Based approach calculates value based solely on the value of the net assets of the business without consideration of its future earnings capacity. The Asset Based approach can be used for valuing both businesses which are going concerns and those which are not. The calculation of a business' net asset backing is a key aspect of assessing a business risk and contributes to the selection of the required return. Generally, Asset Based approach provides the base value, potentially the lower side value of a company. Of course, an established well-known company having a good customer base sells the prospect of the company which is usually the higher side value of a company. The objective of the asset-based approach is to estimate a business equity (or total net asset) value.

ACI Limited is listed in the stock exchange and it has a disclosed net asset value per share stated in Financial Statements. In addition, it has been assumed that the book value (written down values) of assets and liabilities stated in the financial statements were considered as the fair value of assets and liabilities. In this respect, the net asset value per share (NAV) of the Company as at **30 June 2021** (valuation date) has been of BDT 299.37. The financial position of the Company as at **30 June 2021** is given as under:

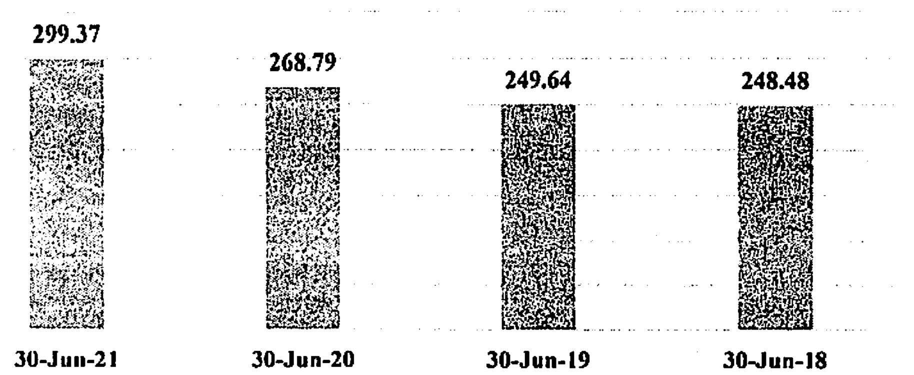
Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustments	Fair Value as on 30 June 2021
Assets			
Non-current assets			
Property plant and equipment	12,960,524,391	-	12,960,524,391
Right-of-use assets	506,002,819	-	506,002,819
Investments	3,139,924,178	-	3,139,924,178
Intangible Assets	2,806,963	-	2,806,963
Biological Assets	17,778,109	-	17,778,109
Deferred Tax Assets	88,780,615	-	88,780,615
Total non-current assets	**16,715,817,075**	-	**16,715,817,075**
Current assets			
Inventories	6,773,319,558	-	6,773,319,558
Trade receivables	2,910,514,412	-	2,910,514,412
Other Receivable	543,148,332	-	543,148,332
Inter Company receivable	20,142,238,769	-	20,142,238,769

Advances, deposits and prepayments	847,270,802	-	847,270,802
Cash and cash equivalents	1,672,219,768	-	1,672,219,768
Total current assets	**32,888,711,641**	-	**32,888,711,641**
Total Assets (A)	**49,604,528,716**	-	**49,604,528,716**
Liabilities			
Non-Current Liabilities			
Employee benefit	1,123,745,409	-	1,123,745,409
Long Term Borrowing	1,044,719,565	-	1,044,719,565
Non-current portion of lease liability	378,647,480	-	378,647,480
Total Non-Current Liabilities	**2,547,112,454**	-	**2,547,112,454**
Current Liabilities			
Bank overdraft	1,681,372,914	-	1,681,372,914
Loans and borrowings	17,068,609,497	-	17,068,609,497
Current portion of lease liability	175,644,292	-	175,644,292
Trade Payables	1,371,346,761	-	1,371,346,761
Inter-company payables	4,269,065,083	-	4,269,065,083
Other payable	3,071,295,827	-	3,071,295,827
Unclaimed dividend amount	118,208,225	-	118,208,225
Current tax liability	408,838,379	-	408,838,379
Total Current Liabilities	**28,164,380,978**	-	**28,164,380,978**
Total Liabilities (B)	**30,711,493,432**	-	**30,711,493,432**
Net Worth (A-B)	**18,893,035,284**	-	**18,893,035,284**
C. Rounded up to BDT			**18,893,035,284**
No. of shares outstanding (at face value of BDT 10) (S)			**63,110,250**
Net Assets Value (NAV) per share			**299.37**

Furthermore, we have also carried out an analysis of NAV per share of the Company for last three years in the range between **BDT 248.48 and BDT 299.37**. Details of which are tabulated as under:

NAV of ACI Limited



Valuation under Asset Based Approach

From the above information relating to NAV per share, we have analyzed the year on year NAV per share for last four years of the Company (given below). However, in this particular circumstance, we have considered the audited NAV per share as at 30 June 2021 as the fair market value per share of the Company as at 30 June 2021 which arrives at BDT 299.37. Details of NPV per share for last four years are enumerated as follows:

Particulars	Amount in BDT
i. NAV per share as at 30 June 2021 (Valuation date)	299.37
ii. NAV per share as at 30 June 2020	268.79
iii. NAV per share as at 30 June 2019	249.64
iv. NAV per share as at 30 June 2018	248.48

15.2. MARKET VALUE APPROACH

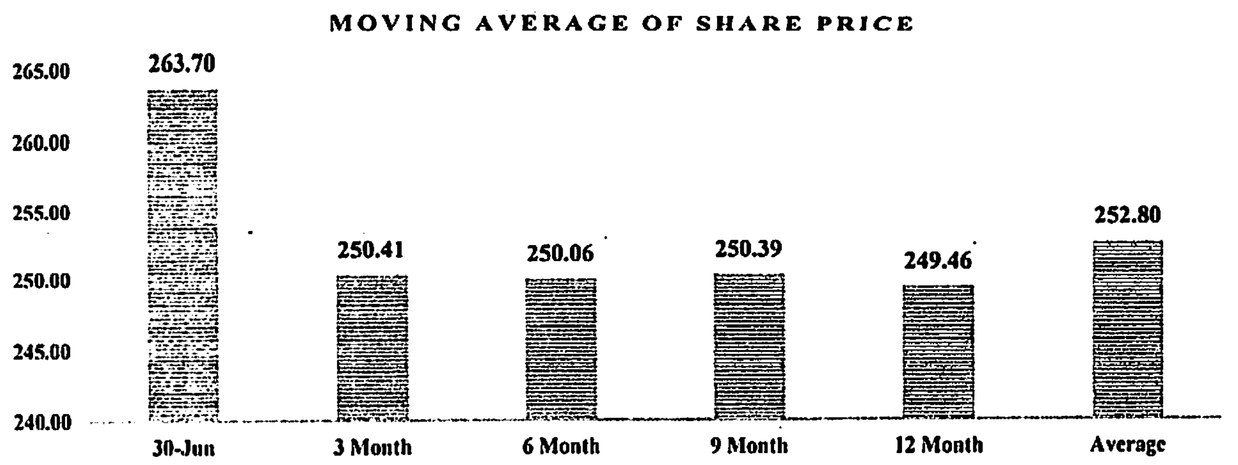
Market value approach is based on the theory that the fair market value of that entity can be estimated based on the price investors are paying for the stocks of that entity or similar publicly traded companies. This approach that typically assumes a going-concern premise, comparable company multiples can provide insight into value, and may also be used for corroborative purposes against that of other valuation approaches as well. Moreover, this approach based on comparable company information can also provide objective, empirical data for developing valuation ratios for use in business valuation. This method is commonly used for public and / or larger corporations. However, since the Company is listed in the stock exchange and its shares are traded in the market, we have used the Company's share price to determine as fair market value of the Company.

Valuation under Market Value Approach

We have analyzed the share price movement close to the valuation date and over a period of time to determine fair market value of share. Detail of which is given as under:

Particulars	Value per share (BDT)
i. Share price as at 30 June 2021	263.70
ii. Last 3-month moving average of share price	250.41
iii. Last 6-month moving average of share price	250.06
iv. Last 9-month moving average of share price	250.39
v. Last 12-month moving average of share price	249.46
Average share price	**252.80**

The above information is presented graphically as under:



15.3. INCOME APPROACH

The Income Approach of valuation also refers to the Discounted Cash Flow (DCF) Method which identifies the total value of a company as the present value of its anticipated future earnings, including the present value of a terminal value (when an indefinite stable growth rate is expected) in a specified period. The present value of anticipated future cash flows is discounted at a present worth factor that reflects the risk inherent in the investment. Under this approach, the assumptions behind the figures have to be rational and based on past evidence otherwise the figures could be misleading. It is therefore very important to critically evaluate each of the assumptions behind the forecast and challenge the same in order to ensure that these can be achieved.

For the purpose of this valuation engagement, we have considered historical profit or loss statement, balance sheets and cash flows of the Company. The aforementioned financial statements, were then projected through the Company's projected revenue (based on various internal and external factors) provided by the Company. These forecasts were tested for reasonableness, upon which they were used to generate forecasted cash flows for the years 2021-2022 to 2026-2027 respectively. The compound annual growth rate (CAGR) of the respective cash flows were taken into consideration when projecting terminal value.

15.3.1. Major assumptions

- Revenue growth based on historical growth rate, and sustainable future growth rate of the economy;
- Cost of goods sold and operating expenses based on historical actual percentage to sales ratios;
- Based on historical actual percentage to sales ratios, with dividend income from subsidiaries, associates and securities investment ignored; as they were not part of the Company's core operations, and have been considered separately when calculating equity value;
- Depreciation based on historical actual percentage to sales ratios;
- Tax expenses based on historical percentages of Advance Income Tax (AIT), which has been assumed to be more than adequate to cover tax provisions;
- Depreciation assumed to follow historical percentage to sales ratio, and new capital expenditures are based to expansion requirements and company plans for new projects and production lines. PPE are valued using the revaluation model;
- Projections for Working Capital were generated based on historical percentage to sales ratio, with operational efficiency accounted for in the later years;

- Cash flows have been assumed to be generated equally over a period; hence, periodicity of the discounting factor was halved in order to reach the appropriate discounting factor; and
- The values of debt and equity used to calculate debt and equity weights for the WACC were based on book value of debt and market value of equity (through share price obtained from DSE).

14.3.2. Discount Rate

When using an income approach to determine value, we have applied a discount rate that is reflective of the risk of generating those earnings or cash flow. The Company's future cash flows should be discounted using its cost of equity and debt or weighted average cost of capital (WACC). WACC can be defined as the expected rate of return from the total capital invested in the Company, including all the dividends, interest, capital gains and losses. However, the following is used to determine the WACC:

a) Cost of equity under CAPM approach:

CAPM is one of the most popular equity costing methods in use, for public and private companies. ACI Limited, being a publicly traded company, the information for the Company beta used in the CAPM approach was obtained from investing.com, risk free rate was determined through cut off yield of on the run 10 year government bond and market risk premium was obtained from empirical research from various sources. Computation of cost of equity under CAPM approach is enumerated as under:

Components	Rate
Risk free rate (R)	5.80%
Market risk premium (M)	12.5%
Beta	0.73
Return on Equity	**15.0%**

b) After-tax cost of debt:

Before-tax cost of debt is 9% and tax rate of the Company is 22.5%. So, the after-tax cost of debt is as follows: = 9% x (1-0.225) = 6.98%

c) Weighted average cost of capital (WACC):

Cost of equity and After-tax cost of debt were used to determine the WACC, which has given a discount rate of 10%. Detail computation of WACC is: WACC: 9% X 60% + 15% X 40% = 10%. Note that mid-year discount rate has been used as we have assumed the cash flows are received evenly throughout the fiscal year.

14.3.3. Terminal Value

Terminal value refers to the cash flows subsequent to the discount period for a business with an indefinite life. This includes cash flows from operations from the end of the forecasted period into perpetuity. Calculating a suitable Terminal value is also a subjective matter and varies between industries as well between entities. For this valuation exercise, we do assume that the Company will operate for infinite period. Moreover, due to the COVID-19 pandemic and rapidly changing work environments, the revenue and consequently the cash flows of ACI Limited has fluctuated greatly leading to an implausible perpetuity growth rate. Hence, considering actual future growth prospects of the Company, economy and corresponding inflation rates, whilst also assuming the fact that ACI Limited intends on expansion after the initial projection period, the perpetual growth rate of cash flows has been assumed to be 4.5%. In order to determine the Terminal value, we have used terminal value multiplier which is computed applying the following formula: Terminal value multiplier: 100 x (1+g)/ WACC-g = 100*1.045/(.10 – .045) = 19.00x

15.3.4. Free Cash Flow

Management projections reiterated that ACI Limited will generate additional revenues due to business growth and new business projects which will be undertaken shortly; these along with considering other external factors were taken into account for the revenue projections of ACI Limited, which were found to be reasonable. The projections were subsequently used to project the future cash flows of the Entity. The table below shows the projected free cash flow to the firm.

Figures in BDT (Millions)

Description	FY 2018 - 19	FY 2019 - 20	FY 2020 - 21	FY 2021 - 22	FY 2022 - 23	FY 2023 - 24	FY 2024 - 25	FY 2025 - 26	FY 2026 - 27
	Actual			Projected					
EBITDA	**2,422**	**3,532**	**2,693**	**4,012**	**4,518**	**5,060**	**5,541**	**6,139**	**6,753**
Adjustments:									
Working Capital Changes	773	2,346	(1,169)	(1,104)	(1,055)	(917)	(1,099)	(831)	(871)
WPPF	(87)	(58)	(124)	(162)	(113)	(126)	(141)	(154)	(170)
Tax	(590)	(580)	(620)	(872)	(968)	(1,084)	(1,187)	(1,306)	(1,437)
Operating cash flows	**2,517**	**5,239**	**781**	**1,874**	**2,381**	**2,934**	**3,114**	**3,847**	**4,275**
Sustaining Capex	(1,324)	(1,285)	(714)	(5,332)	(2,159)	(3,602)	(1,123)	(2,471)	(2,554)
Free cash flows to the firm	**1,193**	**3,955**	**66**	**(3,458)**	**222**	**(668)**	**1,991**	**1,376**	**1,721**

Note that Tax savings on depreciation from capital expenditures have been ignored in the computation of free cash flows to the firm as tax paid at source on sales during the year has been assumed to be greater than tax obligations based on forecasted Profit Before Tax (PBT) of the Company and also, tax paid at source has been considered as final settlement of tax.

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15.3.5. Valuation under Income Approach

Discounting the forecasted cash flows from 2021-2022 to 2026-2027, and terminal value using discount rate of 10%, the value of the Company has been determined as under:

Figures in BDT (Millions)

Description	FY 30 June 2021	FY 2021 - 22	FY 2022 - 23	FY 2023 - 24	FY 2024 - 25	FY 2025 - 26	FY 2026 - 27
Free cash flows to the firm		(3,458)	222	(668)	1,991	1,376	1,721
Terminal value multiplier							19.00x
Terminal value							32,707
Terminal cash flow							34,429
Periodicity		0.5	1.5	2.5	3.5	4.5	5.5
Discounting factor		0.9535	0.8668	0.7880	0.7164	0.6512	0.5920
Discounted free cash flow to the firm		(3,297)	192	(527)	1,427	896	20,383
Enterprise value	19,074						
Less: Debt	(24,618)						
Add:							
Investments	3,139						
Loan investment	20,142						
Cash	1,672						
Equity value	19,408						
Equity value (Rounded off)	19,400						
No of shares in millions	63.11						
Value per share in BDT	308						

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15.3.6. Risks associated with Income Approach

Theoretically income approach of valuation is the most robust valuation method which considers future cash flows along with risk of the Company. There are number of downsides associated with this valuation including hypothetical assumptions are made which are not necessarily to occur, estimation of discount factor is somewhat difficult due to lack of available market data particularly a developing country like Bangladesh and further exacerbated by estimation of termination value which is a significant part of this valuation.

16. REDUNDANT ASSETS

Redundant assets are tangible and identifiable intangible assets that are not required by a company to generate the operating cash flows. We are not aware of any such assets in the possession of ACI Limited.

17. OTHER ADJUSTMENTS WHICH MIGHT IMPACT THE VALUE

Notable that there might have following other adjustments which have not been considered in valuation:

- The facts, figures and information which have not been communicated with us or what we are not aware of.

18. VALUATION SUMMARY

Theoretically, Asset Based approach for a going concern entity having future prospects provide the floor value of the Company and therefore, we propose 35% weightage on Asset Based valuation. However, in this particular instance, Market Value approach provides lower value than Asset Based valuation as entire stock market was facing downturn trend during that time which has subsequently been rectified as apparent from the recent performance of the market and therefore, we propose 25% weightage on Market Value approach. Further, Income Approach provides the robust valuation which takes into account prospect of the company and then discount them back by at an appropriate discounting factor and therefore, we propose 40% on discounted cash flow valuation. In order to arrive at fair value per share (single value), the above judgment under three methods have been applied and the following prices have been arrived at:

Figures in BDT

Method	Value of the Company	Value per share	Weight	Weighted value per share
Asset Based Approach	18,893,035,284	299	35%	105
Market Value Approach	15,954,271,200	253	25%	63
Income Approach (DCF method)	19,400,000,000	308	40%	123
Fair Value per share				**291**

Sensitivity Analysis

The following table summarizes the range of per share values resulting from Income approach, Market value approach and Asset based approach.

Figures in BDT

	Perpetual growth Rate	
Income approach (DCF method)	Decrease by 1%	Increase by 1%
	258	379
	WACC	
	Decrease by 1%	Increase by 1%
	397	246

	Share price	
Market value approach	Decrease by 10%	Increase by 10%
	228	278

	NAV	
Asset based approach	Decrease by 10%	Increase by 10%
	269	328

19. VALUATION CONCLUSION

Having regards to the assumptions, restrictions and qualifications noted herein this estimate of Comprehensive Valuation Report, we have concluded that the fair market value of ACI Limited share as at June 30, 2021 is of **BDT 291** determined as using weighted average method.

Sk. Md. Tarikul Islam
Chartered Business Valuator (CBV, Canada), FCA
Partner

Dhaka, 23 NOV 2021

-95-

Section C

Valuation of Shares
of
Premiaflex Plastics Limited,
excluding Plastics Business Undertaking
("PPL" or "Remaining Business")

PREMIAFLEX PLASTICS LIMITED, EXCLUDING PLASTICS BUSINESS UNDERTAKING

EXECUTIVE SUMMARY

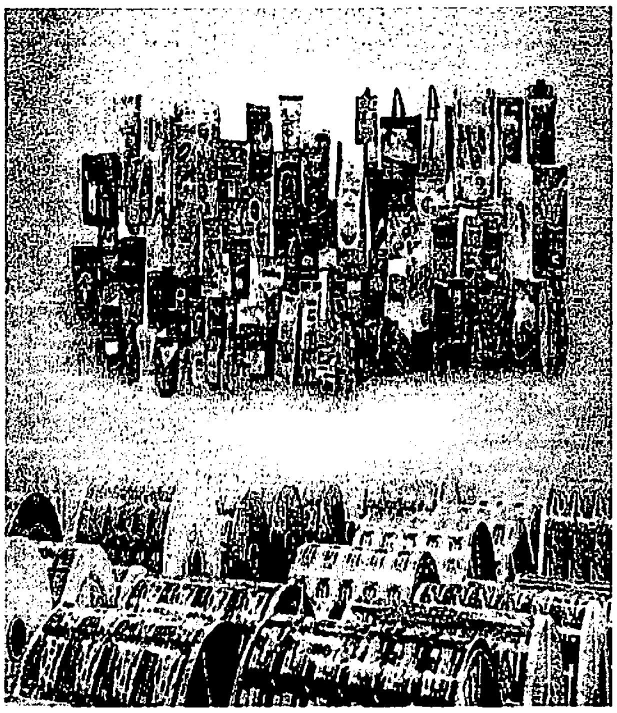
About the Company

Background

Premiaflex Plastics Limited ("Demerged Company" or "Transferor Company") is a private limited company incorporated under the Companies Act, 1994 on 11 June 2007 vide registration no. C-67215(4707)/07. The registered office of Premiaflex Plastics Limited is at 245 Tejgaon Industrial Area, Dhaka-1208 in Bangladesh and its flexible packaging factory is located at Mawna in Gazipur. Premiaflex Plastics Limited, a subsidiary of Advanced Chemical Industries Limited ("ACI Limited" or "Transferee Company") holding interest therein of 87.315% has two units namely, Packaging Business Undertaking and Plastics Business Undertaking. It has been proposed that Plastics Business Undertaking will be demerged from Premiaflex Plastics Limited and a new company will be formed where all the assets and liabilities of Plastics Business Undertaking will be transferred. On the other hand, Premiaflex Plastics Limited, excluding Plastics Business Undertaking (hereinafter referred to as "the Entity" or "PPL", "Remaining Business" or "the Company") will be merged with Advanced Chemical Industries Limited through share for share exchange.

Nature of Flexible Packaging Business

The Company, specializing in the manufacture in flexible packaging, produces all kinds of flexible packaging materials using advanced technology machinery and fully automated Rotogravure technology to fulfill the needs of the local market. PPL is contemplating to expand technological innovation through Lami Tube production project, Alu-Alu foil for pharmaceutical packaging and also expanding the production capacity by adding a second line of expansion. The Company serves a multitude of multinational and local customers namely ACI Limited, Unilever Bangladesh, GlaxoSmithKline, Nestle, Reckitt Benckiser, Perfetti Van Melle, Bangladesh Edible Oil, Transcom, Marico, Godrej, Pepsico, Pran, Ceylon, City group, HRC, Haque, Partex, Tibet, Olympic, Cocola, UniQlo (Japan), etc.



Purpose of the Valuation

The purpose of valuation is to arrive at a fair value of the Company's shares in order to demerge Plastics Business Undertaking of Premiaflex Plastics Limited to form a new company and merge Premiaflex Plastics Limited, excluding Plastics Business Undertaking with Advanced Chemical Industries Limited.

Valuation Methodology

Various methods built around market-value, income-based and asset-based approaches are generally applied in the valuation of shares. These methods include comparable transactions, comparable trading, capitalization of earnings, discounted cash flow, and calculation of net assets on a going concern basis. In absence of recent comparable transactions as well as comparable trading in Bangladesh, the market value approach has been ignored for this instant valuation. Therefore, the following methods are applied in the valuation of the Company:

i) Asset Based Approach; and
ii) Income Approach.

i) Asset Based Approach

An Asset-Based approach is a type of business valuation that focuses on net asset value of the Company. The net asset value is identified by subtracting total liabilities from total assets. Asset-Based approach calculates value based solely on the value of the net assets of the business without consideration of its future earnings capacity.

ii) Income Approach (Discounted Cash Flow (DCF) Method)

Income approach of valuation also refers to the Discounted Cash Flow (DCF) Method which identifies the total value of a company as the present value of its anticipated future earnings arising from its potential to generate revenue from its unique assembly of physical monetary and human resources and its customer base, including the present value of a terminal value (when an indefinite stable growth rate is expected) in a specified period. The present value of anticipated future cash flows is discounted at a present worth factor that reflects the risk inherent in the investment.

Valuation Summary

According to the rule of thumb, we choose to less emphasis on Tangible Method as it provides the base value, potentially the lower side value of a company and therefore, propose 30% weightage on Asset Based value per share. However, theoretically discounted cash flow method provides the robust valuation which takes into account prospect of the business and then discount them back by at an appropriate discounting factor. But practically it has some inherent risks due to uncertainty over future estimation. Therefore, we propose higher weightage of 70% on discounted cash flow valuation. In order to arrive at fair value per share (single value), the above judgments under two methods have been applied and the following prices have been arrived at:

Figures in BDT

Method	Value of the Company	Value per share	Weightage	Weighted value per share
Asset Based Approach (as per Fair value) (Sec. 14.1.14)	366 million	1,220	30%	366
Income Approach (Sec. 14.2.5)	483 million	1,611	70%	1,128
Fair value per share				**1,494**

Sensitivity Analysis

The following table summarizes the range of per share values resulting from Income approach.

Figures in BDT

	Perpetual Growth rate	
Income Approach (DCF Method)	Decrease by 1%	Increase by 1%
	706	2,735
	WACC	
	Decrease by 1%	Increase by 1%
	4,737	269

Valuation Conclusion

Having regards to the assumptions, restrictions and qualifications noted herein this estimate of Comprehensive Valuation Report, we have concluded that the fair value of the Company's share as at 30 June 2021 is of **BDT 1,494** determined as using weighted average method.

PREMIAFLEX PLASTICS LIMITED,
EXCLUDING PLASTICS BUSINESS UNDERTAKING

MAIN REPORT

1. BACKGROUND OF THE COMPANY

Premiaflex Plastics Limited ("Demerged Company" or "Transferor Company") is a private limited company incorporated under the Companies Act, 1994 on 11 June 2007 vide registration no. C-67215(4707)/07. The registered office of Premiaflex Plastics Limited is at 245 Tejgaon Industrial Area, Dhaka-1208 in Bangladesh and its flexible packaging factory is located at Mawna in Gazipur. Premiaflex Plastics Limited, a subsidiary of Advanced Chemical Industries Limited (" ACI Limited" or "Transferee Company") holding interest therein of 87.315% has two undertakings namely, Packaging Business Undertaking and Plastics Business Undertaking. It has been proposed that Plastics Business Undertaking will be demerged from Premiaflex Plastics Limited and a new company will be formed where all the assets and liabilities of Plastics Business Undertaking will be transferred. On the other hand, Premiaflex Plastics Limited, excluding Plastics Business Undertaking (hereinafter referred to as "the Entity" or "PPL", "Remaining Business" or "the Company") will be merged with Advanced Chemical Industries Limited through share for share exchange.

2. PURPOSE OF VALUATION

The purpose of valuation is to arrive at a fair value of the Company's share in order to demerge Plastics Business Undertaking of Premiaflex Plastics Limited to form a new company and merge Premiaflex Plastics Limited, excluding Plastics Business Undertaking with Advanced Chemical Industries Limited.

3. BASIS OF VALUE USED (DEFINATIONS)

3.1 Fair Value

For the purpose of valuation, the definition of "**Fair Value**" is used in accordance with the International Financial Reporting Standards IFRS: 13- *Fair Value Measurement*. " **Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Use of this basis of value is also allowed by the International Valuation Standards (IVS 104- 90.1).

3.2 PRICE Vs. VALUE

Value in the notional marketplace must be differentiated from the concept of price established in the open marketplace. There may be many prices for a particular business or asset. The actual price at which a sale takes place may be higher or lower than notional fair value due to many factors, including information asymmetry, different purchaser's' negotiating strengths and industry knowledge, differing risk assessments,. structure of the transaction, post-acquisition synergies and non-economic considerations.

4. VALUATION APPROACHES AND METHODOLOGIES

4.1. Valuation approach

In the valuation of PPL, we have considered a going concern approach given the following:

- Management intends to continue the regular business operations of the Entity;
- The Entity has a history of positive earnings and retained earnings; and
- There are no immediate liquidity or solvency concerns.

4.2. Valuation Methods

The following methods are generally applied in the valuation of a company:

i) Asset Based Approach;
ii) Market Value Approach; and
iii) Income Approach.

5. SCOPE OF REVIEW

In forming our conclusions as to value, we have reviewed and/or relied upon the following information:

- Ten years earnings forecast has been done aligning with the management and economic estimates, as well as historical increments of Revenue and Cost of goods sold;
- All the operating costs are on the basis historical ratios;
- Forecasted capital investment net of tax shield; and
- Management prepared segregated financial statements for the years ended 30 June 2017, 2018, 2019, 2020 and 2021.

The scope of review in each methods of valuation is as under:

5.1 Asset Based Approach

We have covered the following areas under Net Asset Value (NAV) method:

- Review of valuation of land and buildings;
- Review of plant & machinery, furniture & fixture, office equipment, electric & other appliances, office machinery and motor vehicles of the Entity;
- Assess the condition and useful lives of the various operating assets and maintenance practice of the Entity;
- Assigning the value of the fixed assets based on the review and physical condition under replacement cost method;

- Review of entire current assets, current liabilities and other liabilities and ascertaining the realistic value of assets, loans and liabilities and suggesting required adjustments as a result of revaluation; and
- Establish the value of monetary assets including other advances and assess any doubtful of recovery/ adjustments.

6.2 Market Value Approach (Guideline Companies Method)

The fundamental basis of market value approach is based on the theory that the fair market value of a closely-held entity can be estimated based on the price investors are paying for the stocks of similar, publicly traded (or private) companies. This method is commonly used for public and / or larger corporations. However, as there are no comparable companies with publicly available information, we have not used this approach for valuation of the Company.

6.3 Income Approach (Discounted Cash Flow (DCF) method)

The fundamental principle of Discounted Cash Flow valuation method is that the value ascribed to an entity is the present value of the future cash stream generated by that entity. Discounted Cash Flow (DCF) is an income based valuation technique. It views the collection of a company's assets as stream of future earnings arising from its potential to generate revenue from its unique assembly of physical, monetary and human resources and its customer base. The fair value of this earnings stream is determined by applying weighted average cost of capital or WACC to the debt free, discretionary cash flow using build-up approach. Discounted Cash Flow analysis requires the followings:

- Future cash flow estimates over a relevant period of time;
- Assessment of an appropriate discount rate; and
- Estimation of the terminal value at the end of the time period.

For the purpose of this valuation engagement, we have tested the reasonableness of the cash flow forecast provided by the management for the Entity from the years 2021-2022 to 2030-2031, based on various internal and external factors pertaining to the Entity. We have covered the following areas for Discounted Cash Flow method:

- Reviewed the projected net cash flows considering all inflows and outflows of cash and cash equivalents of each year by scrutinizing the relevant items; and
- Determined suitable terminal value at the end of the time period and obtained present value of net cash flows and terminal value by using the applicable discount factor and arrive at the value of the Company.

The aggregate of the discounted cash flow, capitalized terminal year cash flow, Present Value of the tax shield related to the capital cost allowance and redundant assets results in the enterprise value. The fair market value of the Entity can then be determined by deducting the interest bearing debt on the balance sheet at the valuation date.

7. TYPE OF REPORT

A Comprehensive Valuation Report has been issued to offer the highest level of assurance, contains a conclusion that is based on a comprehensive review and analysis of the business, its industry and all relevant factors.

8. INDEPENDENCE

We confirm that Hoda Vasi Chowdhury & Co, Chartered Accountant, its partners and staff are independent, with respect to PPL, in accordance with the independence requirements of the IESBA Code of Ethics for Professional Accountants adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). No part of our fee is contingent upon the conclusions reached in the valuation or any action or event contemplated in or resulting from the use of, the Valuation. The principal valuator and other staff involved in the preparation of the Valuation acted independently and objectively in completing this engagement.

9. PROFESSIONAL FEE

Our fee is independent of the outcome of the report.

10. COMPOSITION OF TEAM AND KEY PERSONNEL

Realizing the needs of the assignment and areas to be covered, efforts have been made to ensure the quality of the work and reporting thereon. Accordingly, we deployed our resources and deputed a team comprising of technical persons for carrying out the assignment. The Engagement Manager constantly monitored the assignment under the guidance of the Engagement Partner in order to ensure timely and quality reporting.

The composition of the valuation team is as follows:

Engagement Partner	: Sk Md Tarikul Islam, FCA
Engagement Manager	: Md Shikander Hossain, CA (Finalist), CMA (ML)
Assistant Manager	: Mr. Bashar, ACCA
Assistant Manager	: Md. Shah Alam, CA (Partly qualified)
Engineer	: Md. Ayub Ali Mridha & Mohammad Ashraful Islam

11. VALUATION DATE

The valuation date for valuation of the Company was considered as 30 June 2021 and accordingly all financial information of the Company have been considered as on that date.

12. VALUATION CURRENCY

The comprehensive valuation report has been presented in Bangladesh Taka (Taka/TK/BDT). The amounts in the report have been rounded off to the nearest Taka, unless stated otherwise. Because of those rounding off, in some instance the total may not match the sum of individual balance.

13. ASSUMPTIONS AND LIMITATIONS

Hoda Vasi Chowdhury & Co relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, conclusions or representations (collectively the "Information") obtained from the management of the Company. The Valuation conclusion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of professional judgment and independent review of certain items which have been discussed in the relevant sections of the report. We have not attempted to independently verify the completeness, accuracy or fair presentation of the Entity's information.

In finalizing our calculation of valuation report, we have assumed, in addition to the assumptions noted throughout this report, that:

- The Entity will require additional working capital during the forecast period proportionate to the incremental revenue;
- All projections are prepared in real taka (BDT);
- All rates were provided as real rates;
- The Entity does not have any material redundant asset as at the valuation date; and
- The Entity does not have any material off balance sheet liabilities at the valuation date.

We have assumed that any future-oriented financial information ("FOFI") provided by PPL and its analyses have been reasonably prepared and reflects the best currently available estimates and judgments of the management of the both the companies.

We also assume that:

(i) The information, data, explanations, representations and other materials (financial and otherwise) provided to us orally by, or in the presence of, an officer or employee of the Entity, or in writing by the management and their representatives for the purpose of preparing the Valuation and the Conclusion was, at the date the information was provided to us, and is as of the date hereof, complete, true and correct and did not and does not contain any untrue statement of a material fact in respect of the Entity and its affiliates and did not and does not omit to state a material fact in relation to the Entity and its affiliates necessary to make the Information not misleading in light of the circumstances under which the Information was presented.

(ii) Since the dates on which the Information was provided to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the entity and its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to render the Information untrue or misleading in any material respect in the circumstances in which it was presented or have a material effect on the valuation conclusion.

(iii) To their knowledge, there are no facts not contained in or referred to in the Information provided to us by the management or their representative which would reasonably be expected to affect the valuation or the conclusion, in each case, including the assumptions used, the procedures adopted, the scope of the review undertaken or the conclusions reached.

(iv) All FOFI provided to us has been prepared using assumptions which were reasonable on the date such FOFI was prepared, having regard to the Company's industry, business, financial condition, plans and prospects, represent the best current estimates by the Entity of the most probable results for the periods of the Entity presented therein, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such FOFI, as of the date of the preparation thereof, not misleading in light of the circumstances in which such FOFI was provided to us.

In preparing the valuation and the conclusion, we have made several assumptions, including that all final versions of documents to be executed and delivered in respect of or in connection with the assignment will conform in all material respects to the drafts and summaries provided to us, that all conditions prec the assignment can be satisfied, that all approvals, authorizations, consents, permissions, exempt orders of relevant regulatory authorities required in respect of or in connection with the assignment obtained, without adverse condition or qualification, that all steps or procedures being followed to i the value are valid and effective.

14. SHAREHOLDING POSITION

The shareholding position of the various directors and shareholders of PPL as on 30 June 2021 hav detailed below:

Figures in BD

Description	No. of Shares	Percentage of Shareholding	Face Value of Shares	Value of Shares
ACI Limited	261,945	87.315%	1000	261,945,00
Mr. M Anis Ud Dowla	37,980	12.660%	1000	37,980,000
Mrs. Najma Dowla	75	0.025%	1000	75,000
Total	**300,000**	**100%**		**300,000,00**

15. DETAILS OF VALUATION

15.1. ASSET BASED APPROACH

15.1.1. Valuation of Land

To determine the fair value land, we have relied on the book values depicted on the financial stateme PPL. No adjustment was done on the assets as the lands were already carried at revalued amount i financial statements of PPL. Hence, accounting book values have been assumed to be fair values.

Measurement Methodology:

Our verification procedures involved consideration of the followings:

- Financial statements of the Entity for the period ended 30 June 2021.

The land valuation summary is as under:

Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Land	786,846,250	-	786,846,250
Total	**786,846,250**	-	**786,846,250**

15.1.2. Valuation of Buildings

To determine the fair value of Buildings, we have relied on the book values depicted on the book accounts of PPL. Moreover, the nature and quality of construction of the building structures w considered, and their present condition as well as nature of maintenance were examined. The book valu the buildings as per accounts as on 30 June 2021 is BDT 337,824,454. In respect of buildings, Book va has been assumed to be the fair value of the Buildings.

Measurement Methodology:

Our verification procedures involved consideration of the followings:

- Financial statements of the Entity for the period ended 30 June 2021.

The detail of buildings valuation summary is as under:

Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Building	337,824,454	-	337,824,454
Total	**337,824,454**	-	**337,824,454**

15.1.3. Valuation of Plant & Machinery, Furniture and Fixture, Electrical and Other Appliances, Office Machinery, Under Construction and Motor Vehicles

To determine the fair value Plant & Machinery, Furniture and Fixture, Electrical and Other Appliances, Office Machinery, Under Construction and Motor Vehicles, we have relied on the book values depicted on the financial statements of PPL. No adjustment was done as their book values reflected the fair values of PPL. Hence, the book values reported in the financial statements have been assumed to be fair values.

Measurement Methodology:

Our verification procedures involved consideration of the followings:

- Financial statements of the Company for the period ended 30 June 2021.

The details of valuation summary are as follows:

Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Plant & Machinery	1,063,427,025	-	1,063,427,025
Furniture and fixture	18,714,606	-	18,714,606
Electrical & Other Appliances	6,216,141	-	6,216,141
Other Machinery	2,796,187	-	2,796,187
Motor Vehicles	2,927,191	-	2,927,191
Capital works in progress	54,046	-	54,046
Total	**1,094,135,196**	-	**1,094,135,196**

15.1.4. Investment in shares

Investment in shares is kept as a mandatory investment in order to exercise tax holiday facility. As the Company has no intention to en-cash the said amount and has recorded it as long term investment, it has met the criteria of equity investment.

Measurement Methodology:

In working out the fair value of investment in shares, we have taken into consideration the following:

- Confirmed the number of shares held by the Company;
- Current market price of share on cut-off date;
- Acquisition and disposal of shares; and
- Remarks, if any.

Valuation:

In respect of investment in share, as Book values reflected the fair value of shares and therefore, no further adjustment was required to provide with the book value of shares. The book value of investment in share as per accounts as at 30 June 2021 is BDT 2,131,154.

The details of the valuation as at 30 June 2021 are as follows:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Investment in share	2,131,154	-	2,131,154
Total	**2,131,154**	-	**2,131,154**

15.1.5. Inventories

The balance of inventories on 30 June 2021 was of Tk 1,257,033,127 reported in the financial statements of the Company.

Measurement Methodology:

We have obtained a detailed schedule of inventories and confirmed the valuation of inventories of the Company using lower of cost and NRV and used the weighted average cost method while valuating the cost of inventory. We have found the cost of inventory lower than NRV and taken as basis of valuation. Therefore, no adjustment has been made with the book value of inventories.

The details of the valuation are as follows:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Inventories	1,257,033,127	-	1,257,033,127
Total	**1,257,033,127**	-	**1,257,033,127**

15.1.6. Trade Receivables

The balance of trade receivables on 30 June 2021 was of Tk 1,090,377,738 reported in the financial statements of the Company.

Assumption while determining Value of Accounts Receivable:

- The provision made for doubtful debt is reasonable and rational on business ground;
- The reasonable judgment has been used while measuring for doubtful debt; and
- Regarding the bad debt, the Company will not be able to collect in future.

Measurement Methodology:

We have obtained detailed ledgers as well as aging analysis of receivables. We checked the realization of the receivables through collection of receivable in the subsequent period. Moreover, we have also reviewed the adequacy of provision against doubtful receivables made by the Company. As book value of receivables reflected the fair value and therefore, no adjustment was required with the book value of trade receivables.

Details of trade receivables are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Trade receivables	1,090,377,738	-	1,090,377,738
Total	**1,090,377,738**	-	**1,090,377,738**

15.1.7. Advances, Deposits and Prepayments

The balance of advances, deposits and prepayments as of 30 June 2021 was of Tk 233,352,921 reported in the financial statements of the Company.

Measurement Methodology:

In this regard, we obtained a party-wise movement schedule of advances, deposits and prepayments. We have checked the existence and recoverability of the recorded advances, deposits, and prepayments in the financial statements. We also checked any long pending advances in the ledgers and adequacy of provision in respect of long pending advances. Since book values of receivables reported in the financial statements reflected the fair value and therefore, no adjustment was required with the book value of receivable.

Details of advances, deposits and prepayments are tabulated as follows:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Advance, Deposits & Prepayments	233,352,921	-	233,352,921
Total	**233,352,921**	-	**233,352,921**

15.1.8. Current tax assets

Current tax asset for the current and prior periods is recognized as an asset when income tax is paid higher than required amount.

-108-

Measurement Methodology:

We have obtained the detailed ledger of advance income tax paid to the tax authority. We have also confirmed the balance through annual tax return as well as TDS tax return. We assessed the recoverability of the advance tax reported in the financial statements and claims made by the Company through tax return. Since the reported book value of advance tax reflected the fair value, no adjustment was required with the book value of advance tax. Details of which are given as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Current tax assets	714 ,756,560	-	714 ,756,560
Total	**714 ,756,560**	-	**714 ,756,560**

15.1.9. Cash and Cash Equivalents

As cash and cash equivalent is most liquid of short-term assets, not subject to material fluctuations in value. the balance of cash and cash equivalents was Tk 8,875,568 on 30 June 2021.

Measurement Methodology:

In this regard, we have obtained bank confirmations from the bank with which the Company conducted business to confirm the balance reported. Also compared cash book and bank statements in detail for the last month of the year, and matched items outstanding at the reconciliation date to bank statements. We reviewed bank reconciliation previous to the year-end bank reconciliation and tested whether all items are cleared in the last period or taken forward to the year-end bank reconciliation. We also verified the bank balances with reply to standard bank letter and with the bank statements.

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Cash & Cash Equivalent	8,875,568	-	8,875,568
Total	**8,875,568**	-	**8,875,568**

15.1.10. Bank Overdrafts, Loan and Borrowing

The Bank Overdraft, loan and Borrowing are financial liability for the Company.

Measurement Methodology:

We have obtained schedule of loans outstanding at the year-end date showing, for each loan: name of lender, date of loan, maturity date, interest date, interest rate, balance at the end of the period and security. We have asked for balance confirmation in relation to loan and borrowings and checked the repayments were in accordance with loan agreement. No fair value adjustment was done as the book values assumed to be fair value. Details of which are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair Value Adjustments	Fair Value as on 30 June 2021
Bank Overdraft	99,076,197	-	99,076,197
Long Term Bank Loan	293,901,273	-	293,901,273
Loan and Borrowings (Current Portion)	1,957,302,551	-	1,957,302,551
Total	**2,350,280,021**	-	**2,350,280,021**

15.1.11. Employee Benefits

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all permanent employees. The Employees' Gratuity Fund is being considered as defined benefit plan. It is a financial component offered by an employer to an employee in recognition of his/her service rendered to an organization. The Bangladesh Labour Act 2006 (as amended in 2013 & 2018) outlined the definition of Gratuity in Section 2(10) of the Act. Under Section 2(10) of the Act.

Measurement Methodology:

We have reviewed the gratuity payable along with addition made and payment during the year. We have checked adequacy of provision requirement in accordance with the policy made by the Company. In this regard, we have assumed book values reflected the fair value of employee benefits and hence, no adjustment has been made in relation to this. Details of gratuity payable are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair Value Adjustments	Fair Value as on 30 June 2021
Employee Benefits	17,978,192	-	17,978,192
Total	**17,978,192**	-	**17,978,192**

15.1.12. Trade Payable, Other Payables and Inter-Company Payables

All of these are financial liability as these are held to contractual cash flows obligation.

Measurement Methodology:

Trade payables, Other Payables and Inter-Company Payables are recognized initially at fair value and subsequently measured at amortized cost. Any differences between the cost of the transaction and the redemption amount shall be recognized in the income statement as finance costs. The cash flows relating to the payable are not discounted or increased if the effect of doing so is immaterial. As these liabilities of the Company are in short term in nature, instead of using discount rate, the book value reported in the financial statements is considered as fair value. Details of which are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair Value Adjustments	Fair Value as on 30 June 2021
Trade payables	145,598,991	-	145,598,991
Other Payables	41,349,814	-	41,349,814
Inter-company payables	2,596,033,724	-	2,596,033,724
Total	**2,782,982,529**	-	**2,782,982,529**

- 110 -

15.1.13. Deferred tax liabilities

- A deferred tax liability is created when there are temporary differences between when the tax was accrued and when it is due to be paid. This represents an obligation to pay taxes in the future. The Company had deferred tax obligations amounting to **BDT 8,102,957** for the period ended 30 June 2021.

Measurement Methodology:

Deferred tax liabilities have been measured at the tax rates that are expected to apply in the period in which the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Moreover, we have checked the adequacy of provision made in relation to deferred tax liabilities. In this regard, we have assumed that book value reflected the fair value of deferred tax liabilities and hence, no adjustment has been made against book value of deferred tax liabilities. Details of which are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Deferred tax liabilities	8,102,957	-	8,102,957
Total	**8,102,957**	**-**	**8,102,957**

15.1.14. Valuation of the Company under Asset Based Approach:

The financial position of the Company as at 30 June 2021 is given as under:

Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustments	Fair Value as on 30 June 2021
Assets			
Non-current assets			
Property plant and equipment	2,218,805,900	-	2,218,805,900
Investment	2,131,154	-	2,131,154
Total non-current assets	**2,220,937,054**	-	**2,220,937,054**
Current assets			
Inventories	1,257,033,127	-	1,257,033,127
Trade receivables	1,090,377,738	-	1,090,377,738
Advances, deposits and prepayments	233,352,921	-	233,352,921
Current tax assets	714,756,560		714,756,560
Cash and cash equivalents	8,875,568	-	8,875,568
Total current assets	**3,304,395,914**	-	**3,304,395,914**
Total Assets (A)	**5,525,332,968**		**5,525,332,968**
Liabilities			
Non-Current Liabilities			
Long Term Bank Loan	293,901,273	-	293,901,273
Deferred tax liabilities	8,102,957		8,102,957
Employee benefit	17,978,192	-	17,978,192
Total Non-Current Liabilities	**319,982,422**	-	**319,982,422**
Current Liabilities			
Bank overdraft	99,076,197	-	99,076,197
Loans and borrowings	1,957,302,551	-	1,957,302,551
Trade payables	145,598,991	-	145,598,991
Other Payables	41,349,814	-	41,349,814
Inter-company payables	2,596,033,724	-	2,596,033,724
Total Current Liabilities	**4,839,361,277**		**4,839,361,277**
Total Liabilities (B)	**5,159,343,699**	-	**5,159,343,699**
C. Net Worth (A-B)	**365,989,270**	-	**365,989,270**
No. of shares outstanding (at face value of BDT 1,000) (S)			**300,000**
Value per share (C/S) (rounded off)			**1,220**

15.1.15. Summary Of Valuation Under Asset Based Approach

We attempted to work out an asset-based valuation on a historical basis in order to compare with adjusted net asset value which takes into account the revaluation of assets and liabilities. The calculation of fair value of net asset as at 30 June 2021 arrives at **BDT 365,989,270** corresponding to a value per share of **BDT 1,220.**

15.2. INCOME APPROACH

The Income Approach of valuation also refers to the Discounted Cash Flow (DCF) Method which identifies the total value of a company as the present value of its anticipated future earnings, including the present value of a terminal value (when an indefinite stable growth rate is expected) in a specified period. The present value of anticipated future cash flows is discounted at a present worth factor that reflects the risk inherent in the investment. Under this approach, the assumptions behind the figures have to be rational and based on past evidence otherwise the figures could be misleading. It is therefore very important to critically evaluated each of the assumptions behind the forecast and challenge the same in order to ensure that these can be achieved.

For the purpose of this valuation engagement, we have considered the strategic business unit wise historical profit or loss statements, balance sheets and cash flows of the Company. The aforementioned financial statements, were then projected through the Company's projected revenue (based on various internal and external factors) provided by the Company. These forecasts were tested for reasonableness, upon which they were used to generate forecasted cash flows for the years 2021-2022 to 2030-2031 respectively. The compound annual growth rate (CAGR) of the respective cash flows were taken into consideration when projecting terminal value.

15.2.1. Major assumptions

- Revenue growth based on market demand of the products, inflationary pressures on product prices and sustainable increase in average NSI (Net Sales Invoice) per unit;
- Cost of goods sold growth based on growth in sales volume and inflationary pressures on direct material and overhead prices.
- Operating costs, operating income working capital investments shall rise proportionately aligning with the historical ratios to sales, with any deviations from historical ratios explained in the annexures.
- Financial expenses based on borrowing requirements of the Company in the future and ongoing interest rate structure;
- Tax expenses based on current tax structure in place, deferred taxes have been ignored for model simplicity;
- Depreciation assumed to follow historical rates, and new capital expenditures are based to expansion requirements and company plans for new projects and production lines. PPE are valued using the revaluation model;
- No significant legal or regulatory obligation is expected and the Company shall operate with its existing capacity within the projection period with expansions likely after that;
- Right of Use Assets have been ignored for model simplicity;
- Working Capital based on historical activity ratios, with ratios being lowered as the Company becomes more efficient;
- Loan and borrowings based on the capital structure of the Company (Debt/Equity Ratio) and the future working capital and Capex requirements of the Company;
- Cash flows assumed to be generated equally over a period and periodicity of the discounting factor was halved in order to reach the appropriate discounting factor;
- The values of debt and equity used to calculate debt and equity weights for the WACC were based on averages of historical debt and equity values of PPL.

15.2.2. Discount Rate

When utilizing an income approach to determine value, we have applied a discount rate that is reflective of the risk of generating those earnings or cash flow. The Company's future cash flows should be discounted using its cost of equity and debt or weighted average cost of capital (WACC). WACC can be defined as the expected rate of return from the total capital invested in the company, including all the dividends, interest, capital gains and losses.

However, the following is used to determine the WACC:

a) Cost of equity under Build-up approach:

Build-up approach is one of the more commonly used in the valuation of small or privately-held business. PPL, being a privately held company, neither the information for company beta used in the CAPM approach nor dividend information was obtained as similar publicly traded companies were not found. Therefore, Build-up approach is more suitable and has effectively been used to determine the cost of equity of PPL. Computation of cost of equity under build-up approach is enumerated as under:

Components	Assumptions used	Rate
Risk free rate (R)	*10-year government bond*	5.80%
Market risk premium (M)	*Empirical research from various sources*	12.5%
Industry risk premium (I)	*Based on industrial risk to various factors such as a volatile macroeconomic environment, technological shifts, competitive threats etc.*	1.25%
Size premium (S)	*Based on company size and structure*	3.00%
Company-specific premium (C)	*Current situation of business & future prospects*	2.50%
Return on Equity		**25.05%**

b) After-tax cost of debt:

Before-tax cost of debt is 9% and tax rate of PPL is 30%. So, the after-tax cost of debt is as follows:
= 9% x (1-0.30) = 6.30%

c) Weighted average cost of capital (WACC):

Cost of equity and After-tax cost of debt were used to determine the WACC, which gave a discount rate of 13%. Detail computation of WACC is given as under:

WACC: 6.30% x 68% + 25.05% x 32% = 12.30%

Note that mid-year discount rate has been used as we have assumed the cash flows are received evenly throughout the fiscal year.

15.2.3. Terminal Value

Terminal value refers to the cash flows subsequent to the discount period for a business with an indefinite life. This includes cash flows from operations from the end of the forecasted period into perpetuity. Calculating a suitable Terminal value is also a subjective matter and varies between industries as well between entities. For this valuation exercise, we do assume that the Company will operate for infinite period. Moreover, due to the COVID-19 pandemic and rapidly changing work environments, the revenue and consequently the cash flows of PPL has fluctuated greatly leading to an implausible perpetuity growth rate. Hence, considering actual future growth prospects of the Company, economy and corresponding inflation rates, whilst also assuming the fact that PPL intends on expansion after the initial projection period, the perpetual growth rate of cash flows has been assumed to be 3%. In order to determine the Terminal value, we have used terminal value multiplier which is computed applying the following formula:

Terminal value multiplier: $1*(1+g)/ WACC-g = 1*(1+0.03)/(0.1230-0.03) = 11.1x$

15.2.4. Free Cash Flow

Management projections reiterated that PPL will generate additional revenues due to business growth and new business projects which will be undertaken shortly; these along with considering other external factors were taken into account for the revenue projections of PPL, which were found to be reasonable. The projections were subsequently used to project the future cash flows of the Entity. The table below shows the projected free cash flow to the firm:

-115-

Figures in BDT(Millions)

Description	FY 2016 - 17	FY 2017 - 18	FY 2018 - 19	FY 2019 - 20	FY 2020 - 21	FY 2021-22	FY 2022 - 23	FY 2023 - 24	FY 2024 – 25	FY 2025 - 26	FY 2026 - 27	FY 2027 - 28	FY 2028 - 29	FY 2029 - 30	FY 2030 - 31
	Actual					Projection									
EBITDA	506	414	384	268	637	647	822	910	1,005	1,028	1,035	1,038	1,040	1,046	1,054
Adjustments:															677
Working Capital Changes	(376)	(312)	(618)	84	(430)	109	(291)	(295)	(256)	116	(26)	(17)	13	(15)	(16)
WPPF	(6)	(17)	(7)	-	-	(3)	(8)	(10)	(12)	(14)	(17)	(18)	(20)	(21)	(22)
Tax	(153)	(153)	(157)	(167)	(195)	(195)	(207)	(256)	(287)	(318)	(311)	(312)	(314)	(315)	(317)
Operating cash flows	(28)	(68)	(398)	184	12	558	317	348	450	812	682	690	719	694	700
Capex	(330)	(484)	(584)	-	(95)	18	(428)	(113)	(124)	(8)	(2)	(2)	(4)	(4)	(2)
Free cash flows to the firm	(359)	(552)	(982)	184	(83)	576	(112)	235	326	805	680	688	715	690	697

Note that Tax savings on depreciation from capital expenditures have been ignored in the computation of free cash flows to the firm as tax paid at source on sales during the year has been assumed to be greater than tax obligations based on forecasted Profit Before Tax (PBT) of the Company and also, tax paid at source has been considered as final settlement of tax.

-116-

15.2.5. Valuation under Income Approach

Discounting the forecasted cash flows from 2021 to 2031, and terminal value using discount rate of 12.30%, the value of the Company has been determined as under:

Figures in BDT (Millions)

Description	FY 2020 - 21 30 June	FY 2021 - 22	FY 2022 - 23	FY 2023 - 24	FY 2024 - 25	FY 2025 – 26	FY 2026 - 27	FY 2027 - 28	FY 2028 - 29	FY 2029 – 30	FY 2030 - 31
Free cash flows to the firm		461	(113)	235	326	805	680	688	715	690	697
Terminal value											7,725
Terminal value multiplier											11.1x
Terminal cash flow											8,422
Periodicity		P - 0.50	P - 1.50	P - 2.50	P - 3.50	P - 4.50	P - 5.50	P - 6.50	P - 7.50	P - 8.50	P - 9.50
Discounting factor		0.9436	0.8403	0.7483	0.6663	0.5933	0.5283	0.4705	0.4189	0.3731	0.3322
Discounted Free cash flows to the firm		544	(94)	176	217	478	359	324	299	257	2,798
Enterprise value	5,358										
Less: Debt	(4,877)										
Add: Cash and cash equivalents	1										
Investment	2										
Equity value	483										
No. of shares in millions (at face value BDT 1,000)	0.30										
Value per share in BDT	1,611										

Hoda Vasi Chowdhury & Co

-117-

15.2.6. Risks associated with Income Approach

Theoretically income approach of valuation is the most robust valuation method which considers future cash flows along with risk of the Company. There are number of downsides associated with this valuation including hypothetical assumptions are made which are not necessarily to occur, estimation of discount factor is somewhat difficult due to lack of available market data particularly a developing country like Bangladesh and further exacerbated by estimation of termination value which is a significant part of this valuation.

16. REDUNDANT ASSETS

Redundant assets are tangible and identifiable intangible assets that are not required by a company to generate the operating cash flows. We are not aware of any such assets in the possession of PPL.

17. OTHER ADJUSTMENTS WHICH MIGHT IMPACT THE VALUE

Notable that there might have following other adjustments which have not been considered in valuation:

- The facts, figures and information which have not been communicated with us or what we are not aware of.

18. VALUATION SUMMARY

According to the rule of thumb, we choose to less emphasis on Tangible Method as it provides the base value, potentially the lower side value of a company and therefore, propose 30% weightage on Asset Based value per share. However, theoretically discounted cash flow method provides the robust valuation which takes into account prospect of the business and then discount them back by at an appropriate discounting factor. But practically it has some inherent risks due to uncertainty over future estimation. Therefore, we propose higher weightage of 70% on discounted cash flow valuation. In order to arrive at fair value per share, the above judgments under two methods have been applied and the following prices have been arrived at:

Figures in BDT

Method	Value of the Company	Value per share	Weight	Weighted value per share
Asset Based Approach (as per Fair value) (Sec. 14.1.14)	366 million	1,220	30%	366
Income Approach (Sec. 14.2.5)	483 million	1,611	70%	1,128
Fair value per share				**1,494**

Sensitivity Analysis

The following table summarizes the range of per share values resulting from Income approach.

Figures in BDT

Valuation Approach	Perpetual growth rate	
Income approach (DCF Method)	Decrease by 1%	Increase by 1%
	706	2,735
	WACC	
	Decrease by 1%	Increase by 1%
	4,737	269

19. VALUATION CONCLUSION

Having regards to the assumptions, restrictions and qualifications noted herein this estimate of Comprehensive Valuation Report, we have concluded that the fair value of Company's share as at 30 June 2021 is of **BDT 1,494** determined as using weighted average method.

Sk. Md. Tarikul Islam
Chartered Business Valuator (CBV, Canada), FCA
Partner

Dhaka, 23 NOV 2021

Section D

Valuation of Net Assets
of
Plastics Business Undertaking of Premiaflex Plastics Limited
("PBU")

PLASTICS BUSINESS UNDERTAKING OF PREMIAFLEX PLASTICS LIMITED

EXECUTIVE SUMMARY

About the Plastics Business Undertaking of Premiaflex Plastics Limited

Background

Premiaflex Plastic Limited ("Demerged Company" or "Transferor Company") is a private limited company incorporated under the Companies Act, 1994 on 11 June 2007 vide registration no. C-67215(4707)/07. The registered office of the Company is at 245 Tejgaon Industrial Area, Dhaka-1208 in Bangladesh. Premiaflex Plastic Limited has two business undertakings namely, Packaging Business Undertaking and Plastics Business Undertaking.

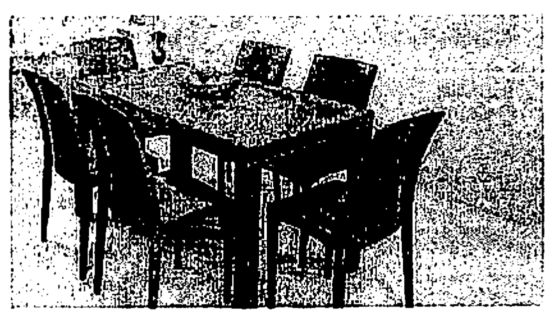
It has been proposed that ***Plastics Business Undertaking*** of Premiaflex Plastics Limited (hereinafter referred to as "the Entity" or "PBU" or "the Undertaking/Unit") will be demerged from Premiaflex Plastics Limited and a new company will be formed where all the assets and liabilities of Plastics Business Undertaking will be transferred at fair value.

Brand - ACI Premio Plastics

Plastics Business Undertaking marketed its products under the brand name of ACI Premio Plastics. ACI Premio Plastics concentrates on improving the quality of life of consumer through uniqueness and innovation in product design and utility. The major products categories are Household and Furniture.

Nature of Premio Plastic Unit

PBU is a newly launched venture of Premiaflex Plastics Limited, started its journey with a promise in mind to deliver premium quality plastic made products. The Entity offers two hundred (200) different types of furniture and household plastic products. These are available in thirty five (35) completely new and premium color shades. All the products are made by premium plastics resin using China and Taiwan technology, and for the first time in Bangladesh. PBU uses human health friendly tritan material on the products. The Entity has powerful distribution network over the entire 64 districts of Bangladesh.



Purpose of the Valuation

The purpose of valuation is to arrive at a fair value of net assets of Plastics Business Undertaking of Premiaflex Plastics Limited (PBU) that will be demerged from Premiaflex Plastics Limited and all the assets and liabilities of PBU will be transferred to a newly formed company at fair value, and in consideration by the way of such transfer, the existing shareholders of Premiaflex Plastics Limited will receive equity shares in the newly formed company according to their existing shareholding ratios.

Valuation Methodology

Various methods built around market-value, income-based and asset-based approaches are generally applied in the valuation of shares. In this circumstance, we have not used market value approach for valuation of PBU as there are no comparable companies with publicly available information. Moreover, we have not also used DCF method for valuation of PBU as the management intends to transfer the Undertaking to a newly formed entity where existing shareholders of Premiaflex Plastics Limited will receive shares according to existing shareholding ratio and net asset at fair value of PBU shall be considered in issuance of shares. On the other hand, PBU holds significant tangible assets where significant portion of PBU's assets are composed of liquid assets and other investments, the valuation method under Asset Based Approach seems more appropriate for PBU.

Asset Based Approach

An Asset-Based approach is a type of business valuation that focuses on net asset value of the Unit. The net asset value is identified by subtracting total liabilities from total assets. Asset-Based approach calculates value based solely on the value of the net assets of the business without consideration of its future earnings capacity.

Valuation Summary

We have used Asset Based Approach valuation method to determine the fair value of net assets of Plastics Business Undertaking of Premiaflex Plastics Limited. The following value has been arrived at under Asset Based Approach valuation method as follows:

Amount in BDT

Method	Fair Value of PBU (net assets)
Asset Based Approach	398,496,000

Valuation Conclusion

Having regards to the assumptions, restrictions and qualifications noted herein this estimate of Comprehensive Valuation Report, we conclude that the fair market value of net assets of PBU as at 30 June 2021 is of **BDT 398,496,000** determined as using Net Asset Value (NAV) method.

PLASTICS BUSINESS UNDERTAKING OF PREMIAFLEX PLASTICS LIMITED

MAIN REPORT

1. BACKGROUND OF THE UNDERTAKING

Premiaflex Plastic Limited ("Demerged Company" or "Transferor Company") is a private limited company incorporated under the Companies Act, 1994 on 11 June 2007 vide registration no. C-67215(4707)/07. The registered office of the Company is at 245 Tejgaon Industrial Area, Dhaka-1208 in Bangladesh. Premiaflex Plastic Limited has two business units namely, Packaging Business Undertaking and Plastics Business Undertaking. It has been proposed that Plastics Business Undertaking of Premiaflex Plastics Limited (hereinafter referred to as "the Entity" or "PBU" or "the Undertaking/Unit") will be demerged from Premiaflex Plastics Limited and a new company will be formed where all the assets and liabilities of Plastics Business Undertaking will be transferred at fair value.

Brand- ACI Premio Plastics

Plastics Business Undertaking marketed its products under the brand name of ACI Premio Plastics. ACI Premio Plastics concentrates on improving the quality of life of consumer through uniqueness and innovation in product design and utility. The major products categories are Household and Furniture.

Nature of Business

PBU is a newly launched venture of Premiaflex Plastics Limited, started its journey with a promise in mind to deliver premium quality plastic made products. The Entity offers two hundred (200) different types of furniture and household plastic products. These are available in thirty five (35) completely new and premium color shades. All the products are made by premium plastics resin using China and Taiwan technology, and for the first time in Bangladesh. PBU uses human health friendly tritan material on the products. The Company has powerful distribution network over the entire 64 districts of Bangladesh.

2. PURPOSE OF VALUATION

The purpose of valuation is to arrive at a fair value of net assets of Plastics Business Undertaking of Premiaflex Plastics Limited that will be demerged from Premiaflex Plastics Limited and all the assets and liabilities of Plastics Business Undertaking will be transferred to a newly formed company at fair value, and in consideration by the way of such transfer, the existing shareholders of Premiaflex Plastics Limited will receive equity shares in the newly formed company according to their existing shareholding ratios.

3. BASIS OF VALUE USED (DEFINATIONS)

3.1 Fair Value

For the purpose of valuation, the definition of "**Fair Value**" is used in accordance with the International Financial Reporting Standards IFRS: 13- *Fair Value Measurement.* " **Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Use of this basis of value is also allowed by the International Valuation Standards (IVS 104- 90.1).

3.2 PRICE Vs. VALUE

Value in the notional marketplace must be differentiated from the concept of price established in the open marketplace. There may be many prices for a particular business or asset. The actual price at which a sale takes place may be higher or lower than notional fair value due to many factors, including information asymmetry, different purchasers' negotiating strengths and industry knowledge, differing risk assessments, structure of the transaction, post-acquisition synergies and non-economic considerations.

4. VALUATION APPROACHES AND METHODOLOGIES

4.1. Valuation approach

In the valuation of PBU, we have considered a going concern approach given the following:

- The Unit holds significant tangible assets, and there are no significant intangible assets;
- The Unit has no established earnings history or a volatile earnings/cash now history;
- A significant portion of the company's assets are composed of liquid assets or other investments; and
- The Unit is a start-up business.

4.2. Valuation Methods

The following methods are generally applied in the valuation of a company:

i) Asset Based Approach;
ii) Market Value Approach (Guideline Companies Method); and
iii) Income Approach.

5. DISCLAIMER

This report is produced on a strictly confidential basis and is intended for the sole use of the management and to their desire and is not to be published, used, circulated, quoted or otherwise referred to for any other purposes nor is this report to be filed with, reproduced, copied, disclosed or referred to in whole or in part in any document.

Except where we have agreed expressly in writing to the contrary, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. Furthermore, we accept no duty or responsibility and deny any liability to the company in relation to this report, whether or not this report influences any of your decisions.

6. SCOPE OF REVIEW

The scope of review in each methods of valuation is as under:

6.1 Asset Based Approach

We have covered the following areas under Net Asset Value (NAV) method:

- Review of plant and machinery, furniture and fixture, office equipment, electric and other appliances, office machinery and motor vehicles of the Entity;
- Assess the condition and useful lives of the various operating assets and maintenance practice of the Entity;
- Assigning the value of the fixed assets based on the review and physical condition under replacement cost method;
- Review of entire current assets, current liabilities and other liabilities and ascertaining the realistic value of assets, loans and liabilities and suggesting required adjustments as a result of revaluation; and
- Establish the value of monetary assets including other advances and assess any doubtful of recovery/ adjustments.

In the valuation of PBU, we have used Asset based/Net Asset valuation method.

5.2 Market Value Approach (Guideline Companies Method)

The fundamental basis of market value approach is based on the theory that the fair market value of a closely-held entity can be estimated based on the price investors are paying for the stocks of similar, publicly traded (or private) companies. This method is commonly used for public and / or larger corporations. ***However, as there are no comparable companies with publicly available information, we have not used this approach for valuation of the Unit.***

5.3 Income Approach (Discounted Cash Flow (DCF) method)

The fundamental principle of Discounted Cash Flow valuation method is that the value ascribed to an entity is the present value of the future cash stream generated by that entity. Discounted Cash Flow (DCF) is an income based valuation technique. It views the collection of a company's assets as stream of future earnings arising from its potential to generate revenue from its unique assembly of physical, monetary and human resources and its customer base. The fair value of this earnings stream is determined by applying weighted average cost of capital or WACC to the debt free, discretionary cash flow using build-up approach. Discounted Cash Flow analysis requires the followings:

- Future cash flow estimates over a relevant period of time;
- Assessment of an appropriate discount rate; and
- Estimation of the terminal value at the end of the time period.

However, the management intends to transfer the unit to a newly formed entity where existing shareholders of Premiaflex Plastics Limited will receive shares according to existing shareholding ratio. Therefore, net asset at fair value of PBU shall be considered in issuance of shares. Under this given fact, DCF approach has not been used for valuation of PBU.

6. TYPE OF REPORT

A Comprehensive Valuation Report has been issued to offer the highest level of assurance, contains a conclusion that is based on a comprehensive review and analysis of the business, its industry and all relevant factors.

8. INDEPENDENCE

We confirm that Hoda Vasi Chowdhury & Co, Chartered Accountant, its partners and staff are independent, with respect to PBU, in accordance with the independence requirements of the IESBA Code of Ethics for Professional Accountants adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). No part of our fee is contingent upon the conclusions reached in the valuation or any action or event contemplated in or resulting from the use of, the Valuation. The principal valuator and other staff involved in the preparation of the valuation acted independently and objectively in completing this engagement.

9. PROFESSIONAL FEE

Our fee is independent of the outcome of the valuation report.

10. COMPOSITION OF TEAM AND KEY PERSONNEL

Realizing the needs of the assignment and areas to be covered, efforts have been made to ensure the quality of the work and reporting thereon. Accordingly, we deployed our resources and deputed a team comprising of technical persons for carrying out the assignment. The Engagement Manager constantly monitored the assignment under the guidance of the Engagement Partner in order to ensure timely and quality reporting. The composition of the valuation team is as follows:

Engagement Partner	: Sk Md Tarikul Islam, FCA
Engagement Manager	: Md Shikander Hossain, CA (Finalist), CMA (ML)
Supervisor	: Md Shah Alam (Partly Qualified CA)
Associate	: Md Ismail Hossain (Partly Qualified CA)
Engineer	: Md. Ayub Ali Mridha & Mohammad Ashraful Islam

11. VALUATION DATE

The valuation date for valuation of PBU was considered as 30 June 2021 and accordingly all financial information provided by the management of PBU have been considered as on that date.

12. VALUATION CURRENCY

The valuation report has been presented in Bangladesh Taka (Taka/TK/BDT). The amounts in the report have been rounded off to the nearest Taka, unless stated otherwise. Because of those rounding off, in some instance the total may not match the sum of individual balance.

13. ASSUMPTIONS AND LIMITATIONS

Hoda Vasi Chowdhury & Co relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, conclusions or representations (collectively the "Information") obtained from the management of the Company. The Valuation conclusion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of professional judgment and independent review of certain items which have been discussed in the relevant sections of the report. We have not attempted to independently verify the completeness, accuracy or fair presentation of the Entity's information.

In finalizing our calculation of valuation report, we have assumed, in addition to the assumptions noted throughout this report, that:

(i) The information, data, explanations, representations and other materials (financial and otherwise) provided to us orally by, or in the presence of, an officer or employee of the Entity, or in writing by the management and their representatives for the purpose of preparing the Valuation and the Conclusion was, at the date the information was provided to us, and is as of the date hereof, complete, true and correct and did not and does not contain any untrue statement of a material fact in respect of the Entity and its affiliates and did not and does not omit to state a material fact in relation to the Entity and its affiliates necessary to make the Information not misleading in light of the circumstances under which the Information was presented.

(ii) Since the dates on which the Information was provided to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the entity and its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to render the Information untrue or misleading in any material respect in the circumstances in which it was presented or have a material effect on the valuation conclusion.

(iii) To their knowledge, there are no facts not contained in or referred to in the Information provided to us by the management or their representative which would reasonably be expected to affect the valuation or the conclusion, in each case, including the assumptions used, the procedures adopted, the scope of the review undertaken or the conclusions reached.

(iv) All FOFI provided to us has been prepared using assumptions which were reasonable on the date such FOFI was prepared, having regard to the Entity's industry, business, financial condition, plans and prospects, represent the best current estimates by the Entity of the most probable results for the periods of the Entity presented therein, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such FOFI, as of the date of the preparation thereof, not misleading in light of the circumstances in which such FOFI was provided to us.

In preparing the valuation and the conclusion, we have made several assumptions, including that all final versions of documents to be executed and delivered in respect of or in connection with the assignment will conform in all material respects to the drafts and summaries provided to us, that all conditions precedent to the assignment can be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the assignment will be obtained, without adverse condition or qualification, that all steps or procedures being followed to indicate the value are valid and effective.

14. SHAREHOLDING POSITION

The shareholding position of the various directors and shareholders of Premiaflex Plastics Limited as on 30 June 2021 have been detailed below:

Figures in BDT

Description	No. of Shares	Percentage of Shareholding	Face Value of Shares	Value of Shares
ACI Limited	261,945	87.315%	1000	261,945,000
Mr. M Anis Ud Dowla	37,980	12.660%	1000	37,980,000
Mrs. Najma Dowla	75	0.025%	1000	75,000
Total	**300,000**	**100%**		**300,000,000**

15. DETAILS OF VALUATION

15.1. ASSET BASED APPROACH

15.1.1. Valuation of Property, Plant and Equipment (PPE)

To determine the fair value of Property, Plant & Equipment, we have relied on the book values depicted on the financial statements of the Unit. No revaluation was done on the assets. Therefore, book value has been assumed to be fair value.

Measurement Methodology

Our verification procedures involved consideration of the followings:

- Financial statements of PBU for the period ended 30 June 2021.

The details of PPE valuation are as follows:

Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Property, Plant & Equipment	597,047,588	-	597,047,588
Total	**597,047,588**	-	**597,047,588**

15.1.2. Right-Of-Use-Assets

The Right of Use Assets have been considered in accordance with IFRS-16. To determine the fair value of Right-of Use-Assets, we have relied on the lease contracts documents which depicts the nature of lease, all terms and conditions and recalculated the value of lease obligation and right of use assets. In respect of Right of use assets, Book value has been assumed to be the fair values of Right-of Use-Assets.
The details of the valuation of Right-Of-Use-Asset as at 30th June 2021 are as follows:

Figures in BDT

Description	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Right-Of-Use-Asset	33,297,733	-	33,297,733
Total	**33,297,733**	-	**33,297,733**

15.1.3. Inventories

The balance of inventories on 30 June 2021 was of Tk 652,959,050 reported in the financial statements of the Unit.

Measurement Methodology:

We have obtained a detailed schedule of inventories and confirmed the valuation of inventories of the unit using lower of cost and NRV and used the weighted average cost method while valuating the cost of inventory. We have found the cost of inventory lower than NRV and taken as basis of valuation. Therefore, no adjustment has been made with the book value of inventories.

The details of the valuation of Inventories as at 30th June 2021 are as follows:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Inventories	652,959,050	-	652,959,050
Total	**652,959,050**	-	**652,959,050**

15.1.4. Trade Receivables

The balance of trade receivables on 30 June 2021 was of Tk 70,491,004 reported in the financial statements of PBU.

Assumption while determining Value of Trade Receivables:

- The provision made for doubtful debt is reasonable and rational on business ground;
- The reasonable judgment has been used while measuring for doubtful debt; and
- Regarding the bad debt, PBU will not be able to collect in future.

Measurement Methodology:

We have obtained detailed ledgers as well as aging analysis of receivables. We checked the realization of the receivables through collection of receivable in the subsequent period. Moreover, we have also reviewed the adequacy of provision against doubtful receivables made by the PBU. As book values of receivables reflected the fair value and therefore, no adjustment was required with the book value of trade receivables.

Details of trade receivables are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Trade receivables	70,491,004	-	70,491,004
Total	**70,491,004**	-	**70,491,004**

15.1.5. Advances, Deposits and Prepayments

The balance of advances, deposits and prepayments as of 30 June 2021 was of Tk 27,324,443 reported in the audited financial statements of the PBU.

Measurement Methodology:

In this regard, we obtained a party-wise movement schedule of advances, deposits and prepayments. We have checked the existence and recoverability of the recorded advances, deposits, and prepayments in the financial statements. We also checked any long pending advances in the ledgers and adequacy of provision in respect of long pending advances. Since book values of receivables reported in the financial statements reflected the fair value and therefore, no adjustment was required with the book value of trade receivables.

Details of advances, deposits and prepayments are tabulated as follows:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Advance, Deposits & Prepayments	27,324,443	-	27,324,443
Total	**27,324,443**	**-**	**27,324,443**

15.1.6. Cash and Cash Equivalents

As cash and cash equivalent is most liquid of short-term assets, not subject to material fluctuations in value. The balance of cash and cash equivalents was Tk 14,326,148 on 30 June 2021.

Measurement Methodology:

In this regard, we have obtained bank confirmations from the banks with which PBU conducted business to confirm the balance reported in the financial statements. Also compared cash book and bank statements in detail for the last month of the year, and matched items outstanding at the reconciliation date to bank statements. We reviewed bank reconciliation previous to the year-end bank reconciliation and tested whether all items are cleared in the last period or taken forward to the year-end bank reconciliation. We also verified the bank balances with reply from bank letters and with the bank statements.

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Cash & Cash Equivalents	14,326,148	-	14,326,148
Total	**14,326,148**	**-**	**14,326,148**

15.1.7. Lease liabilities

The lease liabilities have been considered in accordance with IFRS-16. To determine the fair value of lease obligation, we have relied on the lease contracts documents which depicts the nature of lease, all terms and conditions and recalculated present value of lease obligation. In respect of lease liabilities, Book values have been assumed to be the fair values of the lease liabilities.

The details of the valuation of lease liabilities as at 30th June 2021 are as follows:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair value Adjustment	Fair Value as on 30 June 2021
Lease Liabilities (Current Portion)	25,002,109	-	25,002,109
Lease Liabilities (Long Term)	9,683,588		9,683,588
Total	**34,685,697**	**-**	**34,685,697**

15.1.8. Employee Benefits

The PPL operates an unfunded gratuity scheme, provision in respect of which is made annually covering all permanent employees. The Employees' Gratuity Fund is being considered as defined benefit plan. It is a financial component offered by an employer to an employee in recognition of his/her service rendered to an organization. The Bangladesh Labour Act 2006 (as amended in 2013 & 2018) outlined the definition of Gratuity in Section 2(10) of the Act. Under Section 2(10) of the Act.

Measurement Methodology:

We have reviewed the gratuity payable along with addition made and payment during the year. We have checked adequacy of provision requirement in accordance with the policy made by the unit. However, actuary valuation report were not received in relation to gratuity payable. In this regard, we have assumed book value reflected the fair value of gratuity payable and hence, no adjustment has been made in relation to this. Details of employee benefits are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair Value Adjustments	Fair Value as on 30 June 2021
Employee Benefits	4,781,467	-	4,781,467
Total	**4,781,467**	**-**	**4,781,467**

15.1.9. Loans and Borrowings

The Bank Overdraft, Bank Loan and Borrowings are financial liability for PBU.

Measurement Methodology:

We have obtained schedule of loans outstanding at the year-end date showing, for each loan: name of lender, date of loan, maturity date, interest date, interest rate, balance at the end of the period and security. We have asked for balance confirmation in relation to loan and borrowings and checked the repayments were in accordance with loan agreement. No fair value adjustment was done as the book values assumed to be fair value. Details of which are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair Value Adjustments	Fair Value as on 30 June 2021
Long Term Bank Loan	180,878,984	-	180,878,984
Loan and Borrowings (Current portion of long term loan & short term loan)	496,474,177	-	496,474,177
Total	**677,353,161**	**-**	**677,353,161**

15.1.10. Trade Payable, Other Payables, Inter-Company Payables and Current Tax Liabilities

All of these are financial liability as these are held to contractual cash flow obligation.

Measurement Methodology:

Trade payables, Other Payables and Inter-Company Payables as well as current tax liabilities are recognized initially at fair value and subsequently measured at amortized cost. Any differences between the cost of the transaction and the redemption amount shall be recognized in the income statement as finance costs. The cash flows relating to the payable are not discounted or increased if the effect of doing so is immaterial. As these liabilities of the Unit are in short term in nature, instead of using discount rate, the book value reported in the financial statements is considered as fair value. Details of which are enumerated as under:

Figures in BDT

Particulars	Book Value as on 30 June 2021	Fair Value Adjustments	Fair Value as on 30 June 2021
Trade payables	54,985,126	-	54,985,126
Other Payables	18,980,681	-	18,980,681
Inter-company payables	206,163,834	-	206,163,834
Total	**280,129,641**	-	**280,129,641**

15.1.11. Valuation of PBU under Asset Based Approach:

The financial position of PBU as at 30 June 2021 is given as under:

Figures in BDT

Description	Book Value as per Audited Accounts	Adjustments	Fair Value
Assets			
Non-current assets			
Property plant and equipment	597,047,588		597,047,588
Right-of-use-assets	33,297,733	-	33,297,733
Total non-current assets	**630,345,321**		**630,345,321**
Current assets			
Inventories	652,959,050		652,959,050
Trade receivables	70,491,004	-	70,491,004
Advances, deposits and prepayments	27,324,443	-	27,324,443
Cash and cash equivalents	14,326,148	-	14,326,148
Total current assets	**765,100,645**	-	**765,100,645**
Total Assets (A)	**1,395,445,966**		**1,395,445,966**
Liabilities			
Non-Current Liabilities			
Long term bank loan	180,878,984		180,878,984
Lease liability	9,683,588	-	9,683,588
Employee benefit	4,781,467	-	4,781,467
Total Non-Current Liabilities	**195,344,039**	-	**195,344,039**
Current Liabilities			
Loans and borrowings	496,474,177		496,474,177

Lease liability-current portion	25,002,109		25,002,109
Trade payables	54,985,126		54,985,126
Other Payables	18,980,681		18,980,681
Inter-company payables	206,163,834		206,163,834
Total Current Liabilities	**801,605,927**		**801,605,927**
Total Liabilities (B)	**996,949,966**	-	**996,949,966**
Net Worth (A-B)	**398,496,000**		**398,496,000**
C. Rounded up to BDT actual			**398,496,000**

15.1.12. Summary Of Valuation Under Asset Based /NAV Approach

We attempted to work out an asset-based valuation on a historical basis in order to compare with adjusted net asset value which takes into account the revaluation of assets and liabilities. The calculation of Net assets as at June 30, 2021 arrives at **BDT 398,496,000** determined as using Net Asset Value (NAV) approach.

16. VALUATION SUMMARY

We have used Asset Based Approach valuation method to determine the fair value of net assets of Plastics Business Undertaking of Premiaflex Plastics Limited. The following value has been arrived at under Asset Based Approach valuation method as follows:

Amount in BDT

Valuation Method	Fair Value of PBU (net assets)
Asset Based Approach	398,496,000

17. VALUATION CONCLUSION

Having regards to the assumptions, restrictions and qualifications noted herein this estimate of Comprehensive Valuation Report, we conclude that the fair value of net assets of PBU as at 30 June 2021 is of BDT 398,496,000 determined as using Net Asset Value (NAV) method.

Sk. Md. Tarikul Islam
Chartered Business Valuator (CBV, Canada), FCA
Partner

Dhaka, 23 NOV 2021