

**VALUATION REPORT OF PREFERENCE
SHARES**

OF

BAZEL INTERNATIONAL LTD.

Prepared by:

Hemang Harshadbhai Shah

Practicing Company Secretary

IBBI Registered Valuer - Securities or Financial Assets

Registered Trademark Agent

Qualified Independent Director

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I. Preamble

This report is prepared by Hemang Shah, Proprietor of Hemang Shah & Associates and IBBI Registered Valuer (Registered Valuer) solely for the purpose of valuation Preference Shares of BAZEL INTERNATIONAL LTD. (The Company). Registered Valuer has been appointed by the Company on 23rd December 2022 ("Date of Appointment"). The valuation date (relevant date) is 07th January 2023 ("Valuation date / Relevant date"). This report is subject to the scope of limitations detailed hereinafter. This report has been prepared solely for the purpose set out in this report and should not be reproduced (in part or otherwise) in any other document whatsoever without Registered Valuer's specific written consent.

Registered Valuer has relied on such data, information, etc. as was necessary and deemed for the purpose of this assignment which has been made available to Registered Valuer by the management of the Company / Authorized Person and relied on the statements, information and explanation provided and has not tried to evaluate the accuracy thereof.

Registered Valuer's work does not constitute certification or due diligence of the past working results of the Company and Registered Valuer has relied upon the information provided to it by the Company as set out in their results.

Registered Valuer has not carried out any physical verification of the assets and liabilities of the Company and takes no responsibility on the identification, availability and valuation of such assets and liabilities.

II. Scope and Purpose of Valuation

BAZEL INTERNATIONAL LTD. has decided to issue 10.00% non – cumulative non – convertible redeemable at Rs. 100.00/- (with premium of Rs. 90.00/-) after 15 years Preference Shares of the company having face value of Rs. 10.00/- each (Preference Shares) on conversion of loan. Purpose of the valuation is to determine the Fair Value of the Preference shares as on 07th January 2023 under the requirements of Section 42, 55 and 62 of the Companies Act 2013.

III. Identity of the Valuer and Any other experts involved in the Valuation

Name of the Valuer	Hemang Harshadbhai Shah
Registration Number	IBBI/RV/03/2020/12854
Address of the Valuer	Co – Venture hub, 314 - 316, 3rd Floor, Kalp Business Hub, Above SBI Bank, Bahucharaji Road, Karelibaugh, Vadodara – 390018
Contact Detail	9099712511
Email Address	hemang_shah1989@yahoo.com
Qualifications	Practicing Company Secretary, IBBI Registered Valuer, Registered Trade Mark Agent, Qualified Independent Director
Disclosure of Interest or Conflict	None

IV. Inspections and / or investigation undertaken

Following are the Sources of information:

- (A) Audited Financial Statements for the Financial Year ended on 31st March, 2022.
- (B) Unaudited Financial Statements for the Half Financial Year ended on 30th September, 2022.
- (C) Other business related information and explanations given during the process of valuation as was required for filling the gaps.
- (D) Reliance has been placed on the verbal explanations and information given to us and certified documents provided by directors of the Company and other representatives and associates of the Company.

Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope.

V. About the Company

Name of the Company	BAZEL INTERNATIONAL LTD.
Date of Incorporation	30th December, 1982
CIN	L65923DL1982PLC290287
Registered office	II-B/20, First Floor Lajpat Nagar New Delhi South Delhi DL 110024 IN
Director(s) and KMP	As per “ Annexure – A ”.

Authorized and Paid Up Capital of the Company as on Valuation Report Date is Rs. 2,50,00,000/- and Rs. 1,45,50,000/- respectively.

VI. Brief Profile of the Company

As per “**Annexure – B**”.

VII. About the Industry in which the company operates

As per “**Annexure – C**”.

VIII. About the Business of the Company - Main object of the Company as per MOA of the Company

As per “**Annexure – D**”.

IX. Procedures adopted in carrying out the Valuation and Valuation Standard followed

- (A) Receipt of proposal for valuation;
- (B) Collection of information and documents;
- (C) Determining valuation approaches and methods;
- (D) Valuation synthesis & revisiting the assumptions and decision made; Report preparation and its validation;

X. Valuation Standards followed

International Valuations methodology and relevant International Valuations Standards (popularly known as 'IVS') issued by IVSC have been followed for preparation and valuation of the preference Shares.

XI. Premises of value, Valuation Approaches and Methods

The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the Valuer, based on the facts and circumstances as applicable to the specific transaction.

Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can therefore be no standard formula to establish an indisputable value, although certain formula are helpful in assessing reasonableness.

For the purpose of determining fair value, a Valuer may therefore, use any of the approaches as per the generally / internationally accepted valuation methodologies which in its opinion are most appropriate based on the facts of each valuation.

The internationally / generally accepted valuation methodologies have been discussed hereinafter, along with the reasons for choice of approach used.

Premise of Value

The premise of the value determination is 'Going Concern' and the value of Equity Shares so determined is of a company expected to continue to operate in future.

Approaches of Valuation

There are three approaches to carry out valuation of Equity Shares:

1. Market Approach
2. Cost Approach
3. Income Approach

1. Market Approach

Usually under the market based approach, the methods that may be applied are Market Price Method, Comparable Multiple Method (CMM), Comparable Transaction Method (CTM) or Price of Recent Investment Method (PORI). Under CMM method various multiple like EV/Sales, EV/EBITDA, P/BV P/E, Price/Sales can be used to value a business or Securities or Financial Assets depending upon the facts and circumstances of the cases.

2. Cost Approach

Under this approach, the book value / replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company.

Usually under the asset-based approach, the methods that may be applied are Net Book Value Method, Net Replaceable Value, Net Realizable Value.

Net Book Value method considers the book value of all assets and liabilities and arrives at fair value of underlying asset whereas Net Replaceable Value is the method which considers replacement cost of existing assets instead of Book Value and Net Realizable Value is the Method which considers realizable value instead of Book Value of assets and liabilities.

3. Income Approach

Usually under the Income Based Approach, the methods that may be applied are Discounted Cash Flow Method / Dividend Discount Method (DCF) or the Price Earning Capacity Value (PECV) Method.

Under DCF method, the future free cash flows of the business or Securities or Financial Assets are discounted to the valuation date to arrive at the present value of the cash flows of the business or Securities or Financial Assets or capitalized using a discount rate depending on the capital structure of the company. This method also takes into account the value of the business or Securities or Financial Assets in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

Under PECV method, the average earning on the basis of past 3-5 year are first determined, adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earning are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc.

Apart from the cash flows that the entity expects to realize the cash flow, the terms of a Preference Shares, amongst other matters, also typically cover: (a) the timing to realize the cash (b) terms of conversion (c) the terms and timing of redemption (d) cumulative or non - cumulative (e) terms of participation.

We have considered Discounted Cash Flow Method under Income Approach for the valuation of preference shares.

XII. List of Assumptions and Limiting Conditions

1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation and may not be used out of the context presented herein.

2. Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, the undersigned, independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

3. The company and its representatives warranted to the undersigned that the information supplied was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

4. I do not provide assurance on the achievability of the results forecasted by the client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management. Projections were made, analyzed, discussed, modified and finalized by the Company and the Company is confident to achieve results projected by them.

5. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without written consent. This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein.

6. This valuation reflects facts and conditions existing or reasonable foreseeable at the valuation date. Subsequent events have not been considered, and the undersigned has no obligation to update the report for such events and conditions.

7. No change of any item in this valuation / conclusion report shall be made by anyone other than the undersigned and shall have no responsibility for any such unauthorized change.

8. It is assumed that there is full compliance with all applicable Central, State, and local environmental regulations and laws and I do not provide assurance on compliance of various laws and acts i.e. Companies Act, 2013.

9. To derive Valuation, we have made few assumptions which may differ Accounting Principles.

10. I have made no investigation of title to property, and assume that the owner's claim to the property is valid.

XIII. Valuation of Preference Shares.

Fair Value of Preference Shares based on computation of value per Preference share as per Discounted Free Cash Flow (DCF) Methodology:

Financial Workings:

Discounts Cash Flow Method / Dividend Discount Method (DCF)

DCF method uses the future free cash flows for the Preference Shares (Dividend on Preference Shares (Dp) and Terminal Value of Preference Shares(T)) discounted by weighted average cost of Preference Shares (Kp).

(A). Cash Flows

We have considered cash flows that will be available for preference shareholders. As informed by the Company it will generate dividends at every year along with redemption value. It was informed that dividend will be given after end of every year.

(B). Cost of Preference Shares

We have assumed the Cost of Preference shares at minimum of 7% as the Company is a listed entity having good profits.

Valuation Calculation:

As per “Annexure – E”.

Based on analysis of the company and subject to our comments and caveats as detailed, the fair value of the 10.00% non – cumulative non – convertible redeemable at Rs. 100.00/- (with premium of Rs. 90.00/-) after 15 years Preference Shares of the company having face value of Rs. 10.00/- each (As calculated in “Annexure – E”) as on 07th January, 2023, having face value of Rs. 10.00/- each has been arrived at Rs. 45/- (Rounded off) per Preference Share.

A handwritten signature in blue ink, appearing to read 'Shah', is written over a circular official stamp. The stamp contains the text 'HEMANG SHAH', 'IBBI/RV/03/2020/12854', and 'SFA/93'.

HEMANG SHAH

IBBI Registered Valuer

Registration Number: IBBI/RV/03/2020/12854

COP Number: ICSIRVO/SFA/93

Date: 11th January, 2023

Place: Vadodara

BAZEL INTERNATIONAL LTD.

ANNEXURE - A = LIST OF DIRECTORS AND KMP AS ON VALUATION REPORT DATE (AS PER ROC MASTER DATA)

Serial Number	DIN	Full Name	Designation	Date of Appointment
1	00215325	MAKHAN SINGH KAINTH	Director	01/01/2009
2	05158206	POOJA BHARDWAJ	Director	07/07/2020
3	ATPPG5276J	MANISH KUMAR GUPTA	CFO(KMP)	16/07/2015
4	06479649	PANKAJ DAWAR	Managing Director	19/02/2015
5	07171996	SHWETA DAWAR	Director	31/03/2015
6	08192235	PRITHVI RAJ BHATT	Director	10/07/2020
7	08582061	ARUNA	Director	20/05/2021
8	BNP6852E	PREETI PURI	Company Secretary	24/12/2019

BAZEL INTERNATIONAL LTD.

ANNEXURE - B = COMPANY INTRODUCTION / BRIEF PROFILE

Bazel International Limited is a Non-Banking Finance Company (NBFC) which was incorporated on December 30, 1982 having its registered office at New Delhi and is engaged in trading in shares, Financial Services and Investment Activities. The Corporate Identification Number (CIN) of the Company is L65923DL1982PLC290287 and holds the certificate of registration (CoR) as B-14.03332 with the Reserve Bank of India, New Delhi.

It is one of the growing NBFC's in the Country and offers wide range of financial services to many sectors. The Company offers Credit facilities to individual and business clients. It offers business loans and fulfills working capital requirement of individual and body corporate. The Company has established its own norm for evaluating different needs of its clients and providing appropriate payment options. However, in compare to the select business houses the board of the Bazel International Limited was continuously working for the growth and to safeguard the interest of its stakeholders.

The Shares of the Bazel International Limited were listed in the register of the Bombay Stock Exchange. The management/ Board of the said Company are a law abiding and always adhere to the applicable regulations in accordance to the SEBI (Listing Obligation and disclosures requirement) Regulation, 2015.

The Board of the Bazel International Limited is committed toward the good governance and stands on Transparency, Ethical values and trust building. The management of the Company is a team of experienced people including the Board of Directors & other Management personal. At present there are six Directors (including Independent Directors) on the Board of the Company and Two Key Managerial Personnel having their background in the area of Management, Finance, Accounts, Taxation and Corporate Laws etc.

(Source: <http://bazelinternationalltd.com/about/>) & information provided by the Company.

BAZEL INTERNATIONAL LTD.

ANNEXURE - C = ABOUT THE INDUSTRY IN WHICH COMPANY OPERATES

The Department of Non-Banking Supervision (DNBS) is entrusted with the responsibility of regulation and supervision of Non-Banking Financial Companies (NBFCs) under the regulatory - provisions contained under Chapter III B and C and Chapter V of the Reserve Bank of India Act, 1934.

The Regulatory and Supervisory Framework of the Reserve Bank provides for, among other things, registration of NBFCs, prudential regulation of various categories of NBFC, issue of directions on acceptance of deposits by NBFCs and surveillance of the sector through off-site and on-site supervision. Deposit taking NBFCs and Systemically Important Non-Deposit Accepting Companies are subjected to a greater degree of regulation and supervision. The focus of regulation and supervision is three fold, viz., a) depositor protection, b) consumer protection and c) financial stability.

The Reserve Bank has also been empowered under the RBI Act 1934 to take punitive action which includes cancellation of Certificate of Registration, issue of prohibitory orders from accepting deposits, filing criminal cases or winding up petitions under provisions of Companies Act in extreme cases.

Developmental activities of the Department

Co-ordination with State Governments to pass State Legislations to curb unauthorized and fraudulent activities

Conducting public awareness programmes, depositors' education, conducting workshops / seminars for trade and industry organizations

Promoting Self-Regulatory Organization (SRO) for NBFC-MFI

Conducting training programmes for personnel of NBFCs, State Governments, State Police and auditors of NBFCs

Interacting with co-regulators viz., SEBI, IRDA, and Government of India and State Governments for greater coordination on related issues.

The current focus of the Department is to

Identify and review regulatory framework to bridge gaps and align regulations with other financial intermediaries, wherever appropriate;

Identify and monitor areas of systemic risks and unregulated shadow banking activities from the financial stability perspective;

Supervise the regulated entities through Off-Site Reporting, On-Site Inspections and Market Intelligence;

Coordinate with other financial sector regulators and enforcement agencies to check unauthorized financial activities;

Conduct public awareness campaigns on Non-Banking Financial Companies and unauthorized acceptance of deposits through press advertisements, participation in fairs / workshops/seminars;

Streamline the sector to ensure that only serious players occupy the NBFC space

Enhance disclosure and transparency in the sector

(Source: <https://www.rbi.org.in/Scripts/NBFCCitiChart.aspx>)

BAZEL INTERNATIONAL LTD.

ANNEXURE - D = BUSINESS OF THE COMPANY / MAIN OBJECT AS PER MOA

Main Object Clause as per MOA of the Company:

- (1) To carry on, as the principal business, the business of trading and dealing in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any government, state, dominion, sovereign, ruler commissioner, public body or authority supreme, municipal, local or otherwise whether in India or elsewhere.
- (2) To carry on any of the businesses of Investment Company and to invest in and acquire and hold and otherwise deal in shares, stocks, debentures, debenture stocks, bonds, Govt. securities and any other securities financiers of industrial, commercial and other enterprises and general financiers, film financiers, producers and distributors and exhibitors, money lenders, sahumars, trustees, real estate owners landlords, real estate agents, builders, underwriters, guarantors, hire purchase dealers, investors, promoters, brokers and dealers of shares, stocks, debentures, securities bonds, obligations, claims, licences and charges, land, buildings, houses, easements, negotiable instruments decrees, book debts, patents, factories, mines industrial undertaking, business concerns, warehouses property and rights of all kinds, agricultural lands, farms, gardens, flats, showroom, offices residential units, shops and godowns, business of insurance agents, trust company, safe deposit company and such other business and acts required in connection therewith and to receive or deposit or borrow or acquire any grant or license and other rights and benefits in the foregoing matters and things.
- (3) To pay for any rights or property acquired by the company and to remunerate any person or company whether by cash payment or by allotment of shares, debentures or other securities of the company credited as paid up in full or in part or otherwise.
- (4) To establish or promote or concur to be interested in establishing or promoting any company or companies for the purposes of acquiring all or any of the company or for any other purpose whatsoever and to transfer to any such company any property this company and to place or guarantee the placing of, or underwrite, subscribe for or otherwise acquire all or any part of the shares, debentures or other securities of any such company and to subscribe or otherwise assist any such other company.
- (5) To borrow or raise money, or to receive money on deposit or loan at interest or otherwise in such manner as the company may think fit and to secure the re-payment of any such money borrowed, raised or received or owing to mortgage, pledge, charge or lien upon all or any of the property, assets or revenue of the company (both present and future) including its uncalled capital and to give the lenders or creditors the power of sale and other powers as may seem expedient to purchase, redeem or pay off any such securities and also by a similar mortgage, charge, or lien to secure and guarantee the performance by the company or other person, firm or company of any obligation undertaken by the company or any other person firm or company as the case may be subject to the provisions of the act.

(6) To lend and advance money or the give credit to such persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the company and to guarantee the performance of any contract or obligation and the payment of money of or by any such persons or companies and generally to give guarantees and indemnities but shall not carry on any business in accordance with the provision of the Banking Regulations Act, 1949.

(7) To invest and deal with the moneys not immediately required for the purpose of the company in such manner as may from time to time be determined.

BAZEL INTERNATIONAL LTD.

**ANNEXURE - E = VALUATION OF PREFERENCE
SHARES AS ON 07TH JANUARY, 2023**

FACE VALUE	10		
DIVIDEND	10.00%		1
MATURITY	15		
REDEMPTION	100		
VALUE			
COST OF CAPITAL	7.00%		
YEAR	DIVIDEND @ 10%	PV@7%	
1	1.000	0.9346	
2	1.000	0.8734	
3	1.000	0.8163	
4	1.000	0.7629	
5	1.000	0.7130	
6	1.000	0.6663	
7	1.000	0.6227	
8	1.000	0.5820	
9	1.000	0.5439	
10	1.000	0.5083	
11	1.000	0.4751	
12	1.000	0.4440	
13	1.000	0.4150	
14	1.000	0.3878	
15	101.000	36.6070	
VALUE OF PREFERENCE SHARES		45.3525	
VALUE OF PREFERENCE SHARES (ROUNDED OFF)			45