

RV SHREYANSH M JAIN

Registered Valuer (SFA)

April 16, 2024

To,
The Board of Directors
SPML Infra Limited
F-27/2, Okhla Industrial Area Phase-II,
New Delhi-110020, Delhi, India

Dear Sir,

Subject: Valuation of Equity Shares of SPML Infra Limited for the purpose of preferential issue of equity shares and share warrants in accordance with Regulation 164 and 166A of SEBI (ICDR) Regulation, 2018

Ref: Response to clarification sought by the National Stock Exchange Limited (NSE)

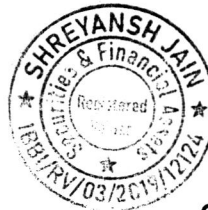
We refer to the communication received by me from the management with reference to your specific request to provide my response to clarification sought by NSE in their letter date 10-04-2024 in connection with the valuation report for the proposed preferential allotment of securities in accordance with the provision of SEBI ICDR Regulation (As defined in valuation report).

As requested, please find the response to the clarification sought by NSE in connection with the valuation report at Annexure A to this letter.

This letter and/or any other letters issued in connections thereto are in furtherance to the Report dated March 27, 2023 and shall be read in conjunction with the Report and the limitations mentioned therein. All parts of the report including but not limited to terms of engagement and scope limitations thereof shall be applicable to this letter. Any term/s not defined in this reply shall take its meaning from the Valuation Report dated March 27, 2023 referred herein.

The Valuation Report as well as this letter may be submitted by SPML Infra Limited to NSE.

If you require any clarifications on the above, I would be happy to clarify the same.



A handwritten signature in black ink, appearing to read "Shreyansh M Jain".

Date: April 16, 2024

Place: Surat

Shreyansh M Jain

CP No.: ICSIRVO/SFA/38

IBBI R. No.: IBBI/RV/03/2019/12124

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CLARIFICATION NO. 1

It has been observed that on page no. 5 of the valuation report submitted, the nature and sources of the information used or relied upon by the valuer includes "Audited financial statements for FY 2022-2023, FY 2021-22 and Un-audited financial statements for the period ended 30 December, 2023."

However, there is no clarify, with respect to calculation done under CCM method mentioned on the page no. 18 of the valuation report that the same is done with respect to audited/unaudited financial statements of December 2023. Kindly provide a detailed explanation as to how the figures mentioned for the TTM arriving at 30th December 2023 are sourced from audited financial statements.

RESPONSE NO. 1

We state that for the purpose of calculation done under CCM method, we have relied on unaudited financial result published on stock exchanges and available in public domain for comparable companies and SPML Infra for profit of trailing twelve months period ended 31st December, 2023. Further, the Market Cap of Comparable Companies is volume weighted average market capitalization for 180 trading days prior to 27.03.2024.

CLARIFICATION NO. 2

It has been observed that the Company has not taken into consideration, Income approach under current valuation report. With respect to not taking into account DCF method. the explanation provided by the Company is not satisfactory. Kindly clarify the same Request you to discuss the said query over call as well.

RESPONSE NO. 2

I have been informed by the management that on account of delay in receipt of Arbitration Awards, realization from Government customers, non-release of sanctioned limits by Banks, Non-sanction of agreed New Limits by Banks, increase in charges and interest etc., the Company is facing financial stress in the Company since last 3-4 years. In spite of RP4 ratings and various types of satisfactory audits, Lenders were not agreed for Resolution of Banking exposure and finally assigned the entire exposure to National Asset Reconstruction Company Ltd. (NARCL) on 29.08.2023 and their exclusive service agent for resolution services India Debt Resolution Company Ltd. (IDRCL) has also sanctioned the Resolution Plan on 14.03.2024.

I have been further informed by the management that the Company is not able to ascertain the future business plan as the same will be finalized after discussion with the NARCL.



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Hence, for the present valuation analysis and for the reasons mentioned hereinabove by the Management of the Company, I have not considered it appropriate to value the Company as per the Income Approach and have considered it appropriate to apply book value method, the Market Price Method and the Comparable Companies Multiples Method, to arrive at the fair value of the equity shares of the Company for the purpose of the proposed fresh issue of equity shares by the Company.

CLARIFICATION NO. 3

In respect of observation (c), we state that for the purpose of calculation done under CCM method, we have considered volume weighted average market capitalization of comparable companies for 180 trading days prior to 27.03.2024. Further, we have considered the profit of trailing twelve months ended on December 31, 2023.

RESPONSE NO. 3

For the purpose of calculation done under CCM method, we have considered volume weighted average market capitalization of comparable companies for 180 trading days prior to 27.03.2024. Further, we have considered the profit of trailing twelve months ended on December 31, 2023.

COMPARABLE COMPANY MULTIPLE (CCM) METHOD

STATEMENT SHOWING CALCULATION OF COMPUTATION OF AVERAGE PE OF COMPARABLE COMPANIES

(In Lacs)

Company Name	Price per share (180 day VWAP)	No. of outstanding shares	Market Cap	PAT	P/E
VA TECH WABAG LIMITED	587.53	6,21,90,428	3,65,389.5	6,030.0	60.60x
NCC LIMITED	186.01	62,78,46,588	11,67,843.9	70,464.0	16.57x
ANTONY WASTE HANDLING CELL LIMITED	459.76	2,82,87,170	1,30,053.7	8,211.1	15.84x
RAMKY INFRA LTD	634.50	6,91,97,791	4,39,061.9	1,34,137.4	3.27x
Average					24.1x
Company specific discount - 10%					2.4x
Average PE multiple of comparable companies					21.7x

*Market Cap of Comparable Company is volume weighted average market capitalization for 180 Trading Days prior to 27.03.2024.

#TTM Profit: Trailing Twelve Months period ended 31 December 2023.



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Computation of Equity value using PE Multiple

Particulars	INR in Lacs
	Amount
PE multiple of comparable companies [#]	21.7
Maintainable PAT (TTM Dec-23) of SPML (B)	1,563.8
Equity value of SPML as at Valuation Date (C)=(A)*(B)	33,933.8
Number of shares outstanding as at Valuation Date	4,89,77,926
Value per equity share (INR) (face value of INR 2/- each)	69.28

1. NCC Ltd:

It is engaged in the infrastructure sector and undertaking turnkey EPC contracts as well as BOT projects on Public-Private Partnership basis. The Group's range of verticals comprises of Buildings & Housing, Roads, Railways, Mining, Water & Environment, Irrigation, Power, Electrical, Metals, Oil & Gas and International business.

2. Ramky Infrastructure Ltd

The Company undertakes a range of construction and infrastructure projects in various sectors such as water and waste water, transportation, irrigation, industrial construction and parks (including SEZs), power transmission and distribution, and residential, commercial and retail property. A majority of the development projects of the Company are based on Public-Private Partnerships (PPP) and are operated by separate Special Purpose Vehicles (SPV) promoted by the Company, joint venture partners and respective Governments.

3. Antony Waste Handling Cell Ltd

Antony Waste Handling Cell Ltd is engaged in the business of mechanical power sweeping of roads, collection and transportation of waste, waste to energy project and undertake the designing, construction, operation and maintenance of the integrated waste management facility.

4. Va Tech Wabag Ltd

The Group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants.

(Source: Annual Report)

