

***Recommendation of Fair Equity Share
Exchange Ratio in relation to the Proposed
Merger of Global Copper Private Limited into
Ram Ratna Wires Limited***

Report Date: 13th June 2024

Arpit Surendra Parikh

*Registered Valuer (Securities or Financial Assets) with IBBI
Registration No.: IBBI/ RV/07/2023/15379*

CA RV Arpit Surendra Parikh
Registered Valuer – Securities or Financial Assets
IBBI Registration No - IBBI/RV/07/2023/15379

Date: 13th June 2024

To,

The Audit Committee/ Board of Directors/ Committee of Independent Directors Ram Ratna Wires Limited Ram Ratna House, Oasis Complex, P.B. Marg, Worli, Mumbai – 400013	The Audit Committee and the Board of Directors, Global Copper Private Limited, Survey No. 65/66, Village Garadiya, Jarod - Samlaya Road, Taluka Savli, Vadodara - 391520
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Sub: Recommendation of Fair Equity Share Exchange Ratio for the Proposed Merger of Global Copper Private Limited ("GCPL") into Ram Ratna Wires Limited ("RRWL")

Dear Sirs / Madams,

I, CA Arpit Parikh ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI Registration No.: IBBI/ RV/07/2023/15379 have been appointed vide engagement letter dated 13th May 2024 as an independent valuer, by Ram Ratna Wires Limited ("RRWL") and Global Copper Private Limited ("GCPL") (hereinafter jointly referred to as "the Companies") to recommend Fair Equity Share Exchange Ratio for the Proposed Merger (defined hereinafter) of GCPL into RRWL, pursuant to a Scheme of Amalgamation (the "Scheme") as per the provisions of section 230 to 232, and other applicable sections of the Companies Act, 2013 (the "Proposed Merger").

My deliverable for this engagement would be a Fair Equity Share Exchange Ratio Report of number of equity shares of RRWL which would be issued to the equity shareholders of GCPL pursuant to the Proposed Merger ("Fair Equity Share Exchange Ratio Report" or "Report").

The Valuation Date as informed to me by the Management of RRWL and GCPL ("the Management/s") for recommendation of Fair Share Exchange Ratio is 12th June 2024. ("Valuation Date")

Managements of RRWL and GCPL have informed me that M/s. Horizon Management Private Limited, Category I Merchant Banker registered with SEBI, have been appointed by RRWL and GCPL to provide fairness opinion on Fair Equity Share Exchange Ratio provided by me for the purpose of the Proposed Merger. Further, at the request of RRWL and GCPL, I have had discussions with the fairness opinion provider in respect of my valuation analyses.

This Report is structured under the following broad heads:

- Background
- Scope & Purpose of Report
- Disclosure of Interest or conflict
- Sources of Information
- Valuation Standards followed and Procedure adopted for Valuation
- Scope Limitations and Disclosures
- Valuation Approaches & Methodology
- Basis of Fair Equity Share exchange ratio
- Valuation Conclusion



BACKGROUND

Ram Ratna Wires Limited (“RRWL”)

- RRWL is primarily engaged in manufacturing of winding wires, mainly enameled copper wires.
- The equity shares of RRWL are listed on BSE Limited ("BSE") since 6th February 1995 and National Stock Exchange of India Limited ("NSE") since 29th July 2022.
- RRWL had reported consolidated total revenue and profit / (loss) after tax of ~INR 29,832 million and ~INR 546 million respectively, for the year ended 31st March 2024.
- RRWL holds 60% equity stake in GCPL as of 31st March 2024
- The shareholding pattern of RRWL as of 31st March 2024 is as under:

Particulars	No. of shares	% Shareholding
Promoter(s) & Promoter(s) Group	3,21,39,492	73.04%
Public	1,18,60,508	26.96%
Total	4,40,00,000	100.00%

Global Copper Private Limited (“GCPL”)

- GCPL is primarily engaged in the business of trading and manufacturing of copper tubes & pipes. The product portfolio of the company includes the Level wound coil copper tubes and coils, Pancake copper tubes and straight copper tubes.
- GCPL is not listed on any recognized stock exchanges in India
- GCPL had reported total revenue and profit / (loss) after tax of INR 3,440 million and INR 95 million respectively, for the year ended 31st March 2024.
- The shareholding pattern of GCPL as of 31st March 2024 is as under:

Particulars	No. of shares	% Shareholding
RRWL (Holding Company)	6,46,134	60.00%
Hitesh Vaghela	1,93,221	17.94%
Honest Enterprise Limited	1,07,739	10.00%
Hitesh Vaghela (HUF)	90,000	08.36%
Usha h. Vaghela	39,776	03.69%
Jigar Pravin Vaghela	10	0.00%
Meera Kanugo	10	0.00%
Total	10,76,890	100.00%

As at 31st March 2024, RRWL holds 60% of the paid up outstanding equity shares of GCPL.

SCOPE AND PURPOSE OF REPORT

I understand that the management of the Companies are contemplating the merger of GCPL into RRWL on a going concern basis with effect from 1st April 2024 (“Appointed date or Effective Date”), pursuant to a Scheme of Amalgamation under the provisions of Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013, along with the applicable provisions of Securities and exchange Board of India (“SEBI”), if any (the “Proposed Merger”). In consideration thereof, equity shareholders of GCPL would be issued equity shares of RRWL in lieu of their shareholding in GCPL.



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It is in this connection, the Companies have requested me to render my professional services by way of carrying out a relative valuation of RRWL & GCPL and submit a report recommending the Fair Equity Share Exchange Ratio for the Proposed Merger, on a going concern basis with 12th June 2024 being the valuation date, (the "Services") for the consideration of the Board of Directors / Audit Committee / Committee of Independent Directors of the RRWL in accordance with the applicable Securities and Exchange Board of India ("SEBI"), the relevant stock exchanges, and relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this Report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger.

The scope of my Services is to undertake a relative (and not absolute) valuation of the equity shares of the Companies and recommend a Fair Equity Share Exchange Ratio for the Proposed Merger in accordance with generally accepted professional standards.

I have considered Audited financial statements of the Companies up to 31st March 2024 in my analysis and made adjustments for facts made known to me till the date of my Report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The Managements have informed me that they do not expect any events which are unusual or not in normal course of business up to the effective date of the Proposed Merger, other than the events specifically mentioned in this Report.

I have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Merger.

This Report is my deliverable in respect of my recommendation of the Fair Equity Share Exchange Ratio for the Proposed Merger.

This report and the information contained herein is absolutely confidential. The Report will be used by the Companies only for the purpose, as indicated in this report and the Engagement Letter, for which I have been appointed. The results of my valuation analysis and my Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. I am not responsible to any other person/ party for any decision of such person/ party based on this report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Companies) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without my prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

Without limiting the foregoing, I understand that the Companies may be required to submit the report to or share the report with their professional advisors, shareholders, merchant bankers providing fairness opinion on the Fair Equity Share Exchange ratio and regulatory authorities/ stock exchanges, in connection with the Proposed Merger (together, "Permitted Recipients"). I hereby give consent to the disclosure of the report to any of them, subject to the Companies ensuring that any such disclosure shall be subject to the condition and understanding that:

- It will be the Companies' responsibility to review the report and identify any confidential information that it does not wish to disclose;



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- I owe responsibility only to the Companies that have engaged me and nobody else, and to the fullest extent permitted by law;
- I do not owe any duty of care to anyone else other than the Companies and accordingly that no one other than the Companies is entitled to rely on any part of the report;
- I accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the report may be shared with or disclosed or who may have access to the report pursuant to the disclosure of the report to the Permitted Recipients. Accordingly, no one other than the Companies shall have any recourse to me with respect to the Report;
- I shall not under any circumstances have any direct or indirect liability or responsibility to any party engaged by the Companies or to whom the Companies may disclose or directly or indirectly permit the disclosure of any part of the Report and that by allowing such disclosure I do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

It is clarified that reference to this Report in any document and/ or filing with aforementioned tribunal/ judicial regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Merger, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors / Audit Committee / Committee of Independent Directors of RRWL

This report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

DISCLOSURE OF INTEREST OR CONFLICT

- I am not affiliated to the Companies in any manner whatsoever.
- I do not have a prospective interest in the business (es) which is the subject of this Report.
- My fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Report.
- Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to carry out the valuation.

SOURCES OF INFORMATION

I have relied on the following sources of information and documents as provided to me by the respective management of RRWL and GCPL:

- Salient features of the Proposed Merger and its Draft Scheme of Amalgamation;
- Audited Financial Statements (Including Annual Reports of RRWL) for the year ended 31st March 2023 and earlier periods of the Companies;
- Audited Financial Statements for the year ended 31st March 2024 of the Companies;



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- Financial Projections of the Companies from FY 2025 to FY 2029;
- Management Representation Letter by the Companies dated 12th June 2024;
- Other relevant publicly available data;
- Discussion with the Managements of the Companies in connection with the operations of the respective Companies / subsidiaries, past and present activities, future plans and prospects, details of the Investments, share capital and shareholding pattern of the Companies;
- Other relevant information and documents for the purpose of this engagement.

I have also obtained the explanations, information and representations, which I believed were reasonably necessary and relevant for my exercise from the Managements. The Companies have been provided with the opportunity to review the draft report (without the recommended Fair Equity Share Exchange Ratio) for this engagement to make sure that factual inaccuracies / omissions are avoided in my final report.

VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION

I have performed the valuation analysis, to the extent possible, in accordance with ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India ('IVS').

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

- Requested and received relevant data from the respective managements;
- Discussions with the Managements on understanding of the businesses of the Companies;
- Obtained and analysed data available in public domain, as considered relevant by me;
- Obtained and analysed market prices and other data involving equity shares of RRWL and of comparable companies, as applicable and relevant;
- Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;
- Determination of relative value of equity shares of the Companies in order to arrive at fair equity share exchange ratio for the Proposed Merger;
- Other relevant information and documents for the purpose of this engagement.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- The Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein
- This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of my engagement; (ii) the Report Date; (iii) Audited financial statements of the Companies for the year ended 31st March 2024 (iv) Other information obtained by me from time to time. I have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between 31st March 2024 and the Report date and that no material changes have occurred in their respective operations and financial position between 31st March 2024 and the Report date.



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- Provision of valuation opinions and consideration of the issues described herein are areas of my regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by me or my affiliates.
- The recommendation(s) rendered in this report only represent my recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (my recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- I owe responsibility to only the management of the Companies that has retained me and nobody else. I do not accept any liability to any third party in relation to the issue of this valuation report. My valuation report cannot be used for any other purpose. This report has been prepared only for the sole use and information of RRWL and GCPL. Without limiting the foregoing, I understand that RRWL and GCPL may be required to submit this report to the regulatory authorities / stock exchanges in connection with the Proposed Merger.
- My analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact my valuation analysis.
- I am not responsible for updating this report because of any events or transactions occurring subsequent to the date of this report.
- I have considered and relied on the information provided to me by the Managements including financial information, significant transactions and events occurring subsequent to the balance sheet date. I understand that the information provided to me and the representations made to me (whether verbal or written) are reliable and adequate. I have derived my conclusions and recommendation from the information so provided and I am thus reliant on the given information to be complete and accurate in every significant aspect. I am made to believe that the Managements have informed me about all material transactions, events or any other relevant factors which are likely to have an impact on my valuation recommendation.
- The Managements have informed me that:
 - a) There would not be any capital variation in the Companies till the Proposed Merger becomes effective without the approval of the shareholders and other relevant authorities.
 - b) Neither Companies would declare any dividend which are either materially different than those declared in the past few years or having materially different yields.
 - c) There are no unusual / abnormal events in both the Companies since the last result declaration date till the Report date materially impacting their operating / financial performance.

I have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Merger

- I have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to me by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, I have obtained information, as far as possible, from sources generally considered to be reliable. I assume no responsibility for such information.
- The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the



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Companies; subsidiary / associates / joint ventures; investee companies, if any. Therefore, no responsibility is assumed for matters of a legal nature. My conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report date.

- I have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.
- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions.
- This Report does not look into the business / commercial reasons behind the transaction. My valuation analysis should not be construed as an investment advice. I do not express any opinion on the suitability or otherwise of entering into any transaction with the Companies.
- This Report is not, nor should it be construed as my recommendation of the Proposed Merger or anything consequential thereto / resulting therefrom. This Report does not address the relative merits of the Proposed Merger as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Merger shall rest solely with them.
- This Report is not, nor should it be construed as my opinion or certification of the compliance of the Proposed Merger with the provisions of any law / standards including companies, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Merger.
- I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.
- It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/independent advice that the third party should undertake for his purpose.
- The aggregate liability of me, my agents and my employees or any of them for damage shall be limited to the fee that I have received from this assignment, as set out in my engagement letter.
- In no circumstances I shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the Services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise even if the Companies had contemplated and communicated to me the likelihood of such damages. Any decision to act upon the Deliverables is to be made by the Companies and no communication by me should be treated as an invitation or inducement to engage the Companies to act upon the Deliverable.
- The aggregate liability in respect of performance of services or otherwise under this Letter shall be limited to the actual professional fees paid (excluding out of pocket expenses and taxes if any paid) for services rendered by me regardless of whether the liability is based on breach of contract, tort, strict liability, breach of warranty, negligence etc. or otherwise.



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- It is clarified that the Companies will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in its responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- I will not be liable if any Loss is due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person(s) other than me.
- Addressee shall hold harmless me, my employees free from all actions, claims, proceedings, losses, damages, costs and expenses, whatsoever and however caused, incurred, sustained or arising, which me, my employees may suffer, arising from, or in connection with, the provision of the services. This provision shall survive the termination of the engagement for any reason.
- This Report is subject to the laws of India.
- Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Amalgamation, without my prior written consent. In addition, this report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Merger and I express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Merger.
- Any discrepancies in any annexure between the total and the sums of the amounts listed are due to rounding-off.

VALUATION APPROACHES AND METHODOLOGIES

- The Scheme contemplates the Proposed Merger under Sections 230 to 232 of the Companies Act, 2013 and rules issued thereunder to the extent applicable.
- Arriving at the Fair Equity Share Exchange Ratio for the purposes of a merger such as the Proposed Merger, would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the Merger.
- The Report has been prepared on the basis of "Fair Value" as at Valuation Date. The generally accepted definition of "Fair Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.
- The report has adopted "Going Concern Value" as the premise of value in the given circumstances. The generally accepted definition of Going Concern value is the value of a business enterprise that is expected to continue to operate in the future.
- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company is to use a combination of relevant and applicable valuation methods.
- The Three main valuation approaches are the Market Approach, Income Approach and Asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach for determining the relative fair value of equity shares a



company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the Fair Share Exchange Ratio for the purpose of the Proposed Merger, such as:

- Asset Approach- Net Asset Value (NAV) Method
 - Market Approach- Market Price Method; Comparable Companies Multiples (CCM) Method
 - Income Approach- Discount Cash Flow (DCF) Method.
- It should be understood that the valuation of any entity or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.
 - The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. My choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and my reasonable judgment, in an independent and bona fide manner based on my previous experience of assignments of a similar nature.

Cost Approach – Net Asset Value (NAV) method

- Under NAV method, total value of the business is based either on net asset value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business.

The valuation is undertaken with going concern assumption and I do not contemplate an actual sale realization of the individual assets. Hence, I have not considered NAV method for the said valuation purpose as both RRWL and GCPL are operating businesses and I understand that historical book value does not reflect intrinsic value of their businesses. I have therefore not considered NAV method for the said valuation. I have however considered the NAV for information purposes only.

Income Approach – Discounted Cash Flows (DCF) method

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. Free cash flows to the firm ("FCFF") represents the cash available for distribution to both the owners and the creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital ("WACC") is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.
- For the purpose of DCF valuation, the free cash flow forecast is based on projected financials as provided by the Management of the Companies. While carrying out this engagement, I have relied

on historical information made available to me by the Management of the Companies and the projected financials for future related information. Although I have read, analyzed and discussed the Management Business Plan for the purpose of undertaking a valuation analysis, I have not commented on the achievability and reasonableness of the assumptions provided to me save for satisfying myself to the extent possible that they are consistent with other information provided to me in the course of the assignment. I have assessed and evaluated the reasonableness of the projections based on procedures such as analyzing industry data, historical performance, expectations of comparable companies, analyst reports etc.

- Given the nature of the businesses of the Companies and the fact that RRWL and GCPL have provided their projected financials, I have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Fair Equity Share Exchange Ratio.

Market Approach – Market Price method

- Under the Market Price method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.
- In terms of Regulation 164 (1) of Part IV of Chapter V of the SEBI ICDR Regulations, if the equity shares of the issuer have been listed on a recognized stock exchange for a period of 90 days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the issue shall be not less than higher of the following:
 - a) The 90 trading days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date.
 - b) The 10 trading days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date.
- Since, RRWL is a listed company and equity shares of RRWL are traded on NSE and BSE over a reasonable period, I have considered Market Price method to determine the value of equity shares of RRWL. I understand that the shares are frequently traded as per SEBI ICDR Regulations. I have been informed by the management of RRWL that the Board Meeting of RRWL for the proposed Merger is to be scheduled on 13th June 2024. Hence the relevant date as per the SEBI ICDR Regulations, for the purpose of calculation of the price per share of RRWL for the proposed issuance of shares under the Scheme is 13th June 2024. I have considered the stock prices of RRWL from NSE for calculating the fair market value of equity shares of RRWL considering the volumes traded on NSE is higher than that in BSE.
- Since, equity shares of GCPL are not listed, I have not considered Market Price method to determine the value of equity of GCPL.

Market Approach – Comparable Companies' Multiple (CCM) method

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The Comparable Companies' Multiple Method arrives at the value of the company by using multiples derived from valuations of



comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc.

- Based on my analysis and discussion with the Management, I understand that there are comparable listed companies which operate in similar line of business and have similar operating/ financial metrics as that of RRWL and GCPL, I have therefore used CCM Method to value the equity shares of RRWL and GCPL.

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The basis of the Proposed Merger would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the Registered Valuer. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation such as the proposed Merger. It is however important to note that in doing so, I am not attempting to arrive at the absolute values of the shares of the Businesses but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While I have provided my recommendation of the Fair Equity Share Exchange Ratio based on the information available to me and within the scope and constraints of my engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of RRWL and GCPL. The final responsibility for the determination of the exchange ratio at which the Proposed Merger shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Merger and input of other advisors.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of RRWL & GCPL based on the various applicable approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

I have applied relevant methods discussed above, as considered appropriate, and arrived at the assessment of the relative values per equity share of RRWL & GCPL. To arrive at the Fair Equity Share Exchange Ratio for the Proposed Merger, suitable minor adjustment/ rounding off have been done in the relative value arrived at by me.



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VALUATION CONCLUSION

- The value per equity share of RRWL and GCPL are based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.
- Though different values have been arrived at under each and above methodologies, it is finally necessary to arrive at a single value for the Proposed Merger. For this purpose, it is necessary to give appropriate weights to the value arrived at under each methodology.

The computation of Fair Equity Share Ratio for Merger of GCPL into RRWL as derived is as given below:

Valuation Approach	RRWL		GCPL	
	Value Per Share (INR)	Weight (%)	Value Per Share (INR)	Weight (%)
Market Approach				
- Market Price Method	358.5	25.00%	N/A	0.00%
- Comparable Companies Method	392.5	25.00%	2,243.3	50.00%
Income Approach				
Discounted Cash Flow	382.0	50.00%	2,283.2	50.00%
Asset Approach				
Net Asset Value Method	122.1	0.00%	361.6	0.00%
Fair Value per share (Weighted Average)	378.7		2,263.2	
Fair Share Exchange ratio (rounded off)	6.0			

*N/A – Not Applicable

Therefore, the following is the recommended Fair Equity Share Exchange Ratio:

Six equity shares of face value INR 5/- each fully paid up of RRWL for every One equity share of face value of INR 10/- each fully paid of GCPL for the merger of GCPL into RRWL.

Yours faithfully,



Arpit Surendra Parikh
Registered Valuer
IBBI Reg. No.: IBBI/RV/07/2023/15379
Place: Mumbai
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