Annx- C1
Pg no- 30

Valuation Report

For Determining the Fair Exchange Ratio pursuant to the Scheme of Arrangement in the nature of merger of Royal Spinwell and Developers Private Limited with Royal Cushion Vinyl Products Limited

Valuation Date: October 01, 2021

Report by:

Mayur Popat
Registered Valuer
Securities and Financial Assets
+91 265 3570322

mayurpopat@jnmaandco.com

rg no-31

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

To,

The Board of Directors,
Royal Cushion Vinyl Products Limited
60 CD, Shlok Government Industrial Estate,
Charkop, Kandivali (West),
Mumbai – 400067,
Maharashtra.

The Board of Directors,
Royal Spinwell and Developers Private Limited
60 CD, Shlok Government Industrial Estate,
Charkop, Kandivali (West),
Mumbai – 400067,
Maharashtra.

Dear Sir/Madam,

Subject:**Recommendation ofShare Exchange Ratio for the proposed Scheme of Arrangementin the nature of merger of Royal Spinwell and Developers Private Limitedwith Royal Cushion Vinyl Products Limited**

We refer to the Engagement Letter dated October 19, 2021 for recommendation of share exchange ratio for the proposed scheme of arrangement which provides for merger / amalgamation of Royal Spinwell and Developers Private Limited ("**Transferor Company**" or "**RSDPL**") with Royal Cushion Vinyl Products Limited ("**Transferee Company**" or "**RCVPL**") and their respective shareholderson going concern basis with effect from the Appointed Date of October01, 2021pursuant to a Scheme ofArrangementunder Section 230 to 232 and other applicable provisions of the Companies Act, 2013read with applicable rules made thereunder ("**Scheme**").

For the sake of brevity, the management of the Transferor Company and the Transferee Company are hereinafter collectively referred to as the 'Management' and the Transferor Company and the Transferee Company are hereinafter collectively referred to as the 'Companies'.

In accordance with the terms of the engagement, the Management has requested Mr. Mayur Popat, Registered Valuer, ("I" or "we") to undertake valuation exercise and recommend

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

Pg no - 32

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

theshare exchange ratio for the proposed amalgamation of the Transferor Company with the Transferee Company ("**Proposed Amalgamation**").

Please find enclosed the report detailing our recommendation of share exchange ratio for the Proposed Amalgamation.We have provided the valuation opinion in the capacity of Registered Valuer in terms of the provisions of the Companies Act, 2013read with rules issued thereunder ("**Companies Act**"),the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018("**SEBI ICDR Regulations**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on our study and analytical review procedures, and subject to the limitations expressed within this report and based on our opinion on the relative fair value of equity shares of the Transferor Company and the Transferee Company and basis cap on fresh issue of equity shares of the Transferee Company as indicated by the Management in order to ensure that the equity shareholding / voting rights of the Promoter and Promoter Group of the Transferee Companydo not exceed the permissible non-public shareholding in a listed company as per applicable laws, I consider that the fair ratio of exchange would be as follows:

"7,807 (Seven Thousand Eight Hundred Seven) equity share of face value of Rs. 10/- (Rupees Ten Only) each and 16,117 (Sixteen Thousand One Hundred Seventeen) redeemable non-convertible preference shares of face value of Rs. 10/- (Rupees Ten Only) each of the Transferee Company, for every 19 (Nineteen) fully paid-up equity share of face value of Rs. 10/- (Rupees Ten Only) each of the Transferor Company."

In rendering the aforementioned services, we reviewed and relied upon various documents, materials and information provided by the Management of both the Companies and the generally available information in public domain. Given the limited and specific purpose of this report, the financial information presented in this report may be incomplete and contain departures from generally accepted accounting principles.

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

425, Lotus Elite, Besides OSIA Hypermarket, GotriSevasi Road, Vadodara - 390020

19 710-33

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, andnot in parts, in conjunction with the relevant documents referred to therein.

To the best of our knowledge and information available, we confirm that we do not have any financial interest or conflict with the Companies or any of its Board of directors. Our fees for this valuation are based upon our normal billing rates and are in no way contingent upon the results of our findings. We have no responsibility to update this report for events or circumstances occurring subsequent to the date of this report. This report is not to be copied or made available to any persons without our express written consent.

We are pleased to present this Valuation Report, which we hope will be of adequate use and help in taking appropriate decision for the purposes to which this report is brought out.

We take this opportunity to thank Management, without whose co-operation; it would not have been possible to complete this assignment in time.

Yours faithfully,

Mayur Popat
Registered Valuer – Securities and Financial Assets (IBBI)
Registration No. IBBI/RV/ 006/2019/11173

MAYUR POPAT IBBI/RV/006/ 2019/11173 VADODARA IBBI Registered Valuer-SFA

UDIN: 22132407AAAABS1858
Date: December 31, 2021
Place: Vadodara

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

CONTENTS

MAYUR POPAT
IBBI/RV/006/
2019/11173
VADODARA
IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

1. Introduction and Background Information

1.1. Purpose of valuation and appointing authority

1.1.1. We have been informed that the Management of the Companies are contemplating a scheme of arrangement which provides for merger / amalgamation of the Transferor Company with the Transferee Company on going concern basis with effect from the Appointed Date of October 01, 2021 pursuant to a Scheme of Arrangement under Section 230 to 232 and other applicable provisions of the Companies Act ("**Scheme**").

1.1.2. We have been informed that as consideration for the Proposed Amalgamation, the Transferee Company will issue its shares to the equity shareholders of the Transferor Company. Therefore, we have been requested by the Management to undertake a valuation exercise for determining the relative fair value of equity shares of both the Companies and basis such relative fair value, recommend a share exchange ratio for the consideration of the Board of Directors of the Companies.

1.1.3. Further, in terms of provisions of 'Chapter V – Preferential Issue' of the SEBI ICDR Regulations ("**SEBIPreferential Issue Regulations**"), the shares issued by a listed company to a select group of shareholders or to the shareholders of the unlisted companies pursuant to a scheme of arrangement under section 230 to 234 of the Companies Act needs to be in compliant with the pricing provisions of the SEBI Preferential Issue Regulations. In the present case, the Scheme of Arrangement contemplates issue of shares by the Transferee Company, being a listed company to the shareholders of the Transferor Company, being an unlisted company and therefore, issue of such shares needs to be compliant with the pricing provisions of the SEBI Preferential Issue Regulations. Therefore, we have duly taken into consideration the provisions of SEBI Preferential Issue Regulations while undertaking the valuation exercise.

MAYUR POPAT IBBI/RV/006/ 2019/11173 VADODARA IBBI Registered Valuer-SFA

Pg no - 36

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046
Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

1.1.4. We would like to emphasis that certain limited terms of the Proposed Amalgamation / Scheme are stated in our report, however, the detailed terms of the Proposed Amalgamation / Scheme shall be more fully described and explained in the Scheme document to be submitted with the relevant authorities in relation to the Proposed Amalgamation.

Background of the Companies

1.2. Royal Cushion Vinyl Products Limited or The Transferee Company

1.2.1. "**Royal Cushion Vinyl Products Limited**" or "**RCVPL**" or "**Transferee Company**" is a public limited company incorporated under the provisions of the Companies Act, 1956, having corporate identity number L24110MH1983PLC031395 and having its registered office at 60 CD "Shlok" Government Industrial Estate Charkop, Kandivali (West), Mumbai 400067, Maharashtra India. The equity shares of the Transferee Company are listed on the BSE Limited ("**BSE**").

1.2.2. The Transferee Company is primarily engaged in the business of manufacturing and supplying of PVC floor covering, PVC sheets and PVC Leathercloth. The main objects as set out in the Memorandum of Association is as under:

1. *"To manufacture and sell floor coverings, wall coverings and other articles made from Poly Vinyl Chloride and/or Polyurethane."*

1.2.3. Board of Directors as on October 1, 2021

Name of Directors	Director Identification Number
Jayesh MotashaAmritlal	00054236
Mahesh Kantilal Shah	00054351
Avani Pandit Jolly	08386003
Harsha Shah Mukesh	08386011

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

1.2.4. Capital structure as on October 1, 2021

Particulars	Amount (in Rs.)
Authorised Capital	
3,00,00,000 Equity Shares of Rs. 10/- each	30,00,00,000/-
Total	30,00,00,000/-
Issued, Subscribed and Paid-up Capital	
1,20,67,212 Equity Shares of Rs. 10/- each fully paid-up	12,06,72,120/-
Total	12,06,72,120/-

1.2.5. Shareholding pattern as on October 1, 2021

Shareholders Category	No. of Equity Shares held	% of Shareholding
Promoter and Promoter Group	79,83,128	66.16%
Public	40,84,084	33.84%
Total	1,20,67,212	100%

1.3. Royal Spinwell and Developers Private Limitedor The Transferor Company

1.3.1. "Royal Spinwell and Developers Private Limited" or "RSDPL" or "Transferor Company" is a private limited company incorporated under the provisions of the Companies Act, 1956, having corporate identity number U17120MH1991PTC062262 and having its registered office at 60 CD "Shlok" Government Industrial Estate Charkop, Kandivali (West), Mumbai 400067, Maharashtra India. The securities of the Transferor Company are not listed on any stock exchange in India or abroad

1.3.2. The Transferor Company was incorporated with an object to primarily engaged in the business of manufacturing and trading in yarn, fibres and textiles. Further, the main object clause of the Transferor Company provides

MAYUR POPAT IBBI/RV/006/ 2019/11173 VADODARA IBBI Registered Valuer-SFA

rg no-38

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

for engaging in the business of development and sale of the land / properties / real estate assets of the company.The main object as set out in the Memorandum of Association is as under:

"1. To carry on the business of manufacturers, spinners, weavers, agents, importers, exporters or otherwise as dealers of yarn of all kinds and descriptions, whether man-made or otherwise and whether or not mixed with fibers of vegitable, mineral or animal origin, manufacturing such fibers&fiber products of all kinds with or without mixing fibers of other origin above- described, by any process and also the business of manufacturing, ginning, preparing, combing, spinning, weaving, processing, buying, selling, distributing, importing, exporting and dealing in yarn, fibers and textiles.

2. To carry on the business of manufactures of texturised yarn and processors of man-made fibers, or in general, of any fibers, filments, yarn and fabrics (whether textile, felted, looped or otherwise) manufactured and/or processed from any base whether organic or inorganic or compounds or mixtures thereof by physical, chemical or any other process or treatment and of spinning, twisting, blending, combing, weaving, knitting, bleaching, processing, dyeing, printing, making or otherwise turning to account any other fibers, yarn or fabrics or finished articles thereof and of dealing in the chemicals, dyestuffs, equipments, washing, bleaching and dyeing materials, raw materials, packing materials and all other requisite needed for all or any of the above purposes and of the by-products which can be conveniently produced thereof and to buy, sell, import, export, distributive, trade, stock, barter, exchange, make advances upon speculate, enter into forward transactions or otherwise deal in all or any of the foregoing.

3. To purchase, sale, take on lease or in exchange, or otherwise acquire any lands and buildings, and any estate or interest in, and any rights connected with, any such lands and buildings and to develop and turn to account any land acquired by or in which the company is interested and in particular by laying out and preparing the same for commercial purposes and to develop any of its land as industrial/commercial plots under any scheme introduced by any state government or central government or jointly scheme of state and central government or any private bodies and to construct, reconstruct, alter, improve, decorate, renovate, furnish any building for commercial

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046
Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

purpose such as offices, factories, warehouses, shops, wharves and conveyance such land by consolidating, connecting, sub-dividing such immovable properties and by leasing and disposing off the same."

1.3.3. Board of Directors as on October 1, 2021

Name of Directors	Director IdentificationNumber
Jayesh MotashaAmritlal	00054236
Vinod Kantilal Shah	00054667

1.3.4. Capital structure as on October 1, 2021

Particulars	Amount (in Rs.)
Authorised Capital	
1,00,000 Equity Shares of Rs. 10/- each	10,00,000/-
Total	10,00,000/-
Issued, Subscribed and Paid-up Capital	
10,020 Equity Shares of Rs.10/- each fully paid up	1,00,200/-
Total	1,00,200/-

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

2. Valuation Date, Valuation Standards, Procedures

2.1. Date of Valuation

We have been informed that the appointed date for the Proposed Amalgamation shall be October 01, 2021. We have determined the relative fair value of equity shares of the Companies and basis that the share exchange ratio for the Proposed Amalgamation as at October 01, 2021 – Valuation Date.

2.2. Procedures adopted in carrying out the valuation and valuation standards followed

We have followed and complied with ICAI Valuation Standard 102 -Valuation Bases (IVS 102), ICAI Valuation Standard 103 – Valuation Approaches and methods (IVS 103), ICAI Valuation Standard 201 - Scope of Work, Analyses and Evaluation (IVS 201), ICAI Valuation Standard 202 - Reporting and Documentation (IVS 202) and ICAI Valuation Standard 301 - Business Valuation (IVS 301). As per Valuation Standard 102 -Valuation Bases (IVS 102), we have taken Fair Value as Valuation Base and Going Concern Value as Premise of Value. Any change in the valuation base or the premise could have a significant impact on the valuation exercise.

2.3. Identity of the valuer and experts involved in valuation

The following valuer was involved in the valuation of the Companies:

Sr. No.	Name of the Valuer	Qualifications
1.	Mayur Popat	Registered Valuer – Securities and Financial Assets, Insolvency Professional and Chartered Accountant

2.4. Intended users of the valuation

The purpose of this Valuation Report is to recommend fair exchange ratio for the Proposed Amalgamation of the Transferor Company with the Transferee

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046
Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

Company. It can be submitted to any authority or persons, to the extent mandatorily required under the applicable laws of India, and may be produced before judicial, regulatory or government authorities, in connection with the Proposed Amalgamation.

This report has been provided to the Companies and has been prepared solely for the purpose of providing selected information on a confidential basis.

Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.

2.5. Disclosure of valuer's interest or conflict, if any

To the best of our knowledge and information available, we confirm that we do not have any financial interest or conflict with the Companies or any of its Board of directors for recommending the equity share exchange ratio.

MAYUR POPAT
IBBI/RV/006/
2019/11173
VADODARA
IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

3. <u>Nature and sources of information</u>

This valuation report has been the result of output from various internal (Management) as well as external sources (information available in public domain). The below summarises the broad summary of data obtained and replied upon:

1. Memorandum and Articles of Association of the Companies.
2. Capital Structure of the Companies as on October 1, 2021
3. List of directors of the Companies as on October 1,2021
4. Annual Report / Audited Financial Statements for the financial year endedMarch 31, 2021 and provisional / limited reviewed unaudited financial statements / results for the half year ended on September 30, 2021of the Companies.
5. Financial Projections of the Transferee Company, as prepared and provided by the management of the Transferee Company,for the period from October1, 2021 to March 31, 2022 as well as for projected financial years ending March 31, 2023, March 31, 2024, March 31, 2025 and March 31, 2026.
6. Valuation reports of the Independent Valuers determining the fair market value of the land and buildings owned by the Companies.
7. Draft Scheme of Arrangement for the Proposed Amalgamation.
8. Other relevant information, explanations and data provided by the Management of the Companies.
9. Quantity of shares traded of the Transferee Company on BSE Limited during the period of one year preceding the Valuation Date.
10. Other information available in the public domain / sources as deemed necessary including details regarding risk free rate of return, market premium etc.

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

IS no-43

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

4. Valuation approach,methodology and analysis

4.1. It is impertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting one or more valuation methods or approaches that is suitable for the purpose keeping in perspective the factual matrix.

4.2. Arriving at the Fair Exchange Ratio for the Proposed Amalgamation would require determining the relative value of the equity shares of both Companies. These values are to be determined independently, but on relative basis, without considering the effect of the Proposed Amalgamation.

4.3. IVS 301 on Business Valuations deals with valuation of a business and business ownership interest (i.e. it includes valuation of shares). IVS 301 specifies that generally, the following three approaches for valuation of business / business ownership interest are widely used:

a. Market approach
b. Income approach
c. Asset / Cost approach

4.4. There are various methods within the above three broad valuation approaches. The application of any particular approach and 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 emphasised that a valuer can arrive at one value for one purpose.

4.5. Further, it is to be noted that the shares of the Transferee Company are 'infrequently / not frequently traded' in terms of provisions of the SEBI Preferential Issue Regulations and therefore, as per Regulation 165 of the SEBI ICDR Regulations, the issue price determined for the shares of the listed

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046
Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

company shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies. Therefore, we have duly considered these provisions while undertaking this valuation exercise.

4.6. In this background, the aforesaid valuation approaches and the most suitable methods, in my opinion, in the context of valuation of the equity shares of both Companies are discussed in the following paragraphs.

4.7. <u>Market Approach</u>

Market approach is a valuation approach that uses the market prices and other relevant information generated by market transactions of similar or identical nature and size in terms of assets, liabilities or group of assets and liabilities. It is essential that benchmark market transactions to be referred for valuation should be comparable transactions and should be suitable for valuing the Companies otherwise such an exercise may provide valuation outcome which may not be indicative of the true fair value of the Companies under consideration. The most common valuation methods under the Market Approach are as under:

4.7.1. Market Price Method

The market price of an equity share as quoted on a 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 freely traded in.

➔ In the present case, the shares of the Transferor Company are not listed on the stock exchanges and shares of the Transferee Company, though listed on BSE Limited, but are not frequently traded and therefore, this valuation method is not suitable and hence, has not been considered.

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer SFA

4.7.2. Comparable Companies Market / Transaction Multiple method

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

Under this method, value of the equity shares of a company/ business undertaking is arrived at 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 valuation derived based on market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Under this methodology, market multiple of comparable listed companies is computed and applied to the business being valued in order to arrive at a multiple based valuation. This approach is usually applied in case of valuation of unlisted companies. Some of the common multiples used in a valuation are listed below:

- Market Cap/ Sales Multiple
- Price/ Earnings Multiple
- Enterprise Value / EBIDTA Multiple

➔ The Transferor Company is presently not carrying on any active or significant business operations and as such doesn't have a recent operating business history to benchmark its valuation using these multiple methods. The Transferee Company has been incurring losses as evident in historic financial statements and further, the Management has indicated that there are direct comparable listed companies that can be considered to determine the applicable multiple. Therefore, in our opinion these comparable companies / transactions multiple method is not suited to the current valuation exercise.

4.8. Income Approach

Income approach is a valuation approach that translates maintainable future earnings i.e. cash flows or net (income less expenses) to a single current amount i.e. discounted or capitalised, which represents the current value of the business being valued. Usually under the Income Approach, the methods that maybe applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer SFA

rg no-40

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

Value (PECV) Method. However, the DCF Method is the most widely used, accepted and recognised method of valuation under the Income approach, which has been considered for present valuation exercise, as briefly discussed below.

4.8.1. Discounted Cash flow Method

Discounted Cash Flow model indicates the fair market value of a business based on the value of free cash flows that the business is expected to generate in future. This method involves the estimation of post-tax cash flows for the projected period and the terminal value, after taking into account the business requirements of reinvestment in terms of capital expenditure and incremental working capital. These cash flows are then discounted at a weighted cost of capital that reflects the risk of the business and the actual capital structure of the entity or the optimum capital structure at which an entity can continue to operate in the long run. Using the DCF analysis involves determining the following:

a. Estimating the future free cash flows which are derived from the financial projections of the company. The future free cash flows consist of the cash flows for the explicit period and also of perpetuity period.
b. Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital.
c. The cash flows are determined by deducting from the earnings before depreciation, interest and taxes (EBDIT), (i) cash taxes and ii) other non-cash charges. The cash flow so derived is adjusted for change in working capital requirements and capital expenditure to derive the free cash flows.
d. Appropriate discount rate is applied to future cash flows to obtain the present value of such cash flows. This discount rate should reflect the opportunity cost of the capital providers i.e. weightage average cost of capital consisting of weightage cost of equity and cost of debt.
e. To the sum of the present value of the cash flows for the explicit period and for the perpetuity, adjustments are made for loan funds, surplus

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046
Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

assets, value of investments and contingent liabilities, after considering the tax impact wherever applicable.

f. The value as arrived above is divided by the outstanding number of equity shares to arrive at the value per share

➔ As stated above, the Transferor Company is presently not carrying on any active or significant business operations and as such it is not appropriate to apply the income based valuation method for valuing the business of the Transferor Company. As far as the Transferee Company is concerned, the management of the Transferee Company has provided us the financial projections for the upcoming five years and it would be most appropriate to apply the DCF Method for valuing the Transferee Company given its operating history and its significant business operations.

4.9. Asset / Cost approach

Asset / Cost based valuation approach is based on the value of underlying net assets of the business,on a book value basis / replacement cost / realizable value basis. The Net AssetValue ignores the future return the assets can produce and is calculated using historical accounting data, adjusted for current market values, that may notreflect how much the business is worth to someone who may buy or invest in the business as a going concern. In calculating the value of assets and liabilities, the appropriate adjustments are made, wherever warranted and possible, to the book values of such assets and liabilities to arrive at the current market value of such assets and liabilities, specifically in the present case, the book values of land and building are replaced by the fair market value of such land and building based valuation report of the Independent Valuer. In other cases, the book values are assumed to be the market values. The underlying net assets value as arrived above is divided by the outstanding number of equity shares to arrive at the fair value per share under this method.

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

➔ As stated above, the Transferor Company is presently not carrying on any

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

active or significant business operations. However, the Transferor Company owns significant piece and parcel of industrial land and as such the asset / cost based valuation is the only and most appropriate method to be applied to value the Transferor Company. On the other hand, the Transferee Company also owns and in possession of significant land and building including as part of its business activities and others as vacant surplus assets. Therefore, given this background and fact that the Transferee Company has been incurring losses, it is also appropriate to apply the asset / cost based valuation method to value the business of the Transferee Company.

4.10. <u>Fair Valuation</u>

4.10.1. It is pertinent to note that the fair value per share derived under each method applied as above would be different owing to the different principles and techniques involved under each method. However, for the purposes of recommending a fair ratio of exchange, it is necessary to arrive at a single value for the shares of the Companies. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company but to work out a relative value per share appropriate under the given circumstances.

4.10.2. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each method so as to derive the fair exchange ratio.

4.10.3. The fair value per share of the Transferor Company has been derived only based on the asset / cost approach, as stated above and as such no weightage average valuer needs to be discovered.

4.10.4. In case of the Transferee Company, given the fact that it is an operating company with significant business operations, we consider it appropriate to give a weight of 75% to the Income Approach / DCF Method and balance weight of 25% to the Asset / Cost approach in order to weigh

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

more towards value derived based on income approach as it is a going concern entity and allocate the remaining weight of 25% to asset / cost method to duly factor in the value of sizeable land and buildings owned by it.

4.11. Basis above valuation exercise undertaken and given the fact that the net worth of the Transferee Company is hugely eroded due to its past adverse operating history and sick status and substantial debt / liabilities in its balance sheet, the relative fair value per equity share of the Transferee Company is in negative. However, in terms of provisions of the Companies Act, a company cannot issue the fresh shares below the face value. Given this statutory requirement and basis discussion with the Management, for the purpose of recommending the fair exchange ratio, we have considered the face value of shares of the Transferee Company as its fair value.

4.12. Further, we have been informed by the Management that the shares to be issued to the shareholders of the Transferor Company pursuant to the Scheme shall form part of the promoter and promoter group of the Transferee Company and in terms of the statutory provisions / securities laws applicable to a listed company, the equity shareholding / voting rights of the Promoter and Promoter Group of the Transferee Company cannot exceed the permissible non-public shareholding, which is currently 75%. In view thereof, the Management of Companies have proposed to issue Equity Shares of the Transferee Company to an extent that the promoter and promoter group shareholding in the Transferee Company post the Scheme do not exceed 75% and balance consideration, if any, is proposed to be discharged by way of issue of redeemable / non-convertible preference shares of the Transferee Company to the shareholders of the Transferor Company.

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

rs no - 51

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

5. Conclusions

Based on the foregoing discussion including the relative fair value of equity shares of both Companies using the valuation approach and methods as referred in this report, the statutory requirement of issue of shares by the Transferee Company at a price not below the face value of such shares and statutory limitation on fresh issue of equity shares of the Transferee Company to the shareholders of the Transferor Company in order to ensure that the equity shareholding / voting rights of the Promoter and Promoter Group of the Transferee Company post the effectiveness of the Scheme do not exceed the permissible non-public shareholding, I consider that the fair ratio of exchange would be as follows

"7,807 (Seven Thousand Eight Hundred Seven) equity share of face value of Rs. 10/- (Rupees Ten Only) each and 16,117 (Sixteen Thousand One Hundred Seventeen)redeemable non-convertible preference shares of face value of Rs. 10/- (Rupees Ten Only) each of the Transferee Company, for every 19 (Nineteen) fully paid-up equity share of face value of Rs. 10/- (Rupees Ten Only) each of the Transferor Company."

Further, it may herein be noted that the Stock Exchanges have issued a Circular to the Listed Companies (e.g. Circular No. LIST/COMP/02/2017-18 dated May 29, 2017 issued by BSE Limited) ("**Valuation Report Circular**"), which provides that the valuation report on scheme of arrangement shall display the workings, relative fair value per share and fair share exchange ratio in the prescribed manner. The disclosure in the indicative format suggested by the stock exchanges is as under:

MAYUR POPAT
IBBI/RV/006/
2019/11173
VADODARA
IBBI Regn. No.

Pg no - 51

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

No.	Particulars	Transferee Company / RCVPL		Transferor Company / RSDPL	
		Value per share (INR)	Weight	Value per share (INR)	Weight
A	Market Approach	NA	-	NA	-
B	Income Approach based on DCF Method	(244.33)	75%	NA	-
C	Asset / Cost based approach	(325.57)	25%	12,591.99	100%
I.	Relative Valuer per Share	(264.64)	-	12,591.99	-
II.	Relative Valuer per Share considered for determining fair exchange ratio	10		12,591.99	
III.	Exchange Ratio for issue of Equity Shares (rounded off)	7,807		19	
IV.	Exchange Ratio for issue of redeemable non-convertible preference shares (rounded off)	16,117		19	

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

15 no-22

MAYUR POPAT

CHARTERED ACCOUNTANT, ICAI M. No. 132407

REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173

INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322

Mobile No :- +91 8000334511

Email :- mayurpopat@jnmaandco.com

6. Caveats, limitations and disclaimers

i. Restriction on use of Valuation Report

This valuation report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. We do not take any responsibility for the unauthorized use of this report. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. Further our report is in accordance with ICAI Valuation Standards 2018.

ii. Our Responsibility

We owe responsibility only to our client that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.

The decision to carry out the transaction (including consideration thereof) lies entirely with the Management/the Board of Directors and our work and our finding shall not constitute a recommendation as to whether or not the Management/the Board of Directors should carry out the transaction.

iii. Declaration of independence

We are independent of the Companies and have no current or expected interest in the Companies or their assets. The fee paid for our services in no way influenced the results of our analysis.

iv. Accuracy of Information

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients' existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf the client. Our report is subject to the scope and limitations detailed herein As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

v. **Achievability of the forecast results**

We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management of the Companies.

vi. Post Valuation Date Events

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

vii. Range of Value Estimate

The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range.

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

Whilst we consider our recommendation of the fair value to be both reasonable and defensible based on the information available to us, others may place a different value on the companies.

viii. **Reliance on the representations of the clients, their management and other third parties**

The Companies and theirmanagement warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles and any other investments in tangible assets except as specifically stated to the contrary in the report.

We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employee or agents. The Management has represented that the Companies have clear and valid title of assets. No investigation on the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid.

ix. **No procedure performed to corroborate information taken from reliable external sources**

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

x. **Compliance with relevant laws**

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA IBBI Registered Valuer-SFA

MAYUR POPAT
CHARTERED ACCOUNTANT, ICAI M. No. 132407
REGISTERED VALUER - SFA, IBBI Reg. No.-IBBI/RV/006/2019/11173
INSOLVENCY PROFESSIONAL - IBBI Reg. No.- IBBI/IPA-001/IP-P-01918/2020-2021/13046

Contact No - +91 265 3570322
Mobile No :- +91 8000334511
Email :- mayurpopat@jnmaandco.com

The report assumes that the client complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, as unless specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the Financial Statements and other information provided to us. Our report is not, nor should it be construed as we areopining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad.

xi. Multiple factors affecting the Valuation Report

The valuation report is tempered by the exercise of judicious discretion by us as valuer, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Financial Statements but could strongly influence the value of the Companies.

xii. Subsequent events

Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof and thus effects of subsequent events are not generally factored in the valuation exercise.

xiii. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report

MAYUR POPAT IBBI/RV/006/2019/11173 VADODARA

We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority under the applicable laws.

xiv. **Information provided with respect to valuation**

In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Companies.

We do not make any representation or warranty, express or implied, as to accuracy, reasonableness or completeness of the information, based on which the valuation is carried out.

*****

MAYUR POPAT
IBBI/RV/006/
2019/11173
VADODARA
IBBI Registered Valuer