

Khambatta Securities Ltd.

ESTD. 1916



To,

The Board of Directors,
ROYAL CUSHION VINYL PRODUCTS LIMITED
60CD "Shlok" Government Industrial Estate
Charkop, Kandivali (West),
Mumbai 400067, Maharashtra India.

Dear Sir,

Sub: Fairness Opinion Report ("Fairness Opinion" or Report").

We understand that you are considering a merger proposal wherein you intend to merge ROYAL SPINWELL AND DEVELOPERS PRIVATE LIMITED ("RSDPL" or the "Transferor Company") into and with ROYAL CUSHION VINYL PRODUCTS LIMITED ("RCVPL" or the "Transferee Company") (collectively called as "Companies") Under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with applicable rules made thereunder, by way of share swap.

Be advised that while certain provisions of the Merger are provided below, the terms of the Merger shall be more fully described in the scheme document to be published in relation to the Merger (the "Scheme Document"). As a result, the description of the Merger and certain other information contained herein is qualified in its entirety by reference to the Scheme Document.

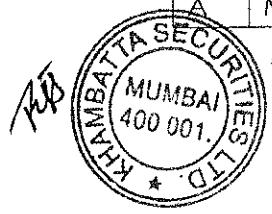
Share Exchange Ratio:

Pursuant to the Merger, the Transferee Company will issue and allot to all the shareholders of the Transferor Company as per the following ratio:

"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."

Calculation:

| 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 | |

Source: The above calculation/Share Exchange Ratio are based on the valuation report dated December 31, 2021 ("Valuation .Date") prepared independently by Mayur Popat, Independent Registered valuer appointed by the Board of RCVPL (hereinafter both referred to as "Valuer"), appointed for recommending the Share Exchange Ratios for the Merger (the "Valuation Report").

The Board has appointed Khambatta Securities Limited ("KSL" or "we" or "us"), a Category I Merchant Banker registered with SEBI having its registration no. INM000011914, vide an engagement letter dated December 27, 2021 to issue a fairness opinion to the Company in relation to the Share Exchange Ratio recommended by the Valuer and as set out in the Valuation Report.

This Fairness Opinion Report is issued in terms of "SEBI Scheme Circular" means the master circular in relation to scheme of arrangement issued by SEBI having No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").



This opinion is subject to the scope, limitations and disclaimers detailed herein.

Scope of our review:

In arriving at the opinion set out below, we have, among other things:

1. reviewed the Valuation Report and discussed the same with the Valuer;
2. reviewed the draft Scheme Document ("Draft Scheme");
3. reviewed certain publicly available business information on the Company, the Transferor Company;
4. reviewed the annual report of the Company for the financial year ending March 31, 2021, 2020 & 2019;
5. reviewed the reported price of the Company's shares for the last one year;
6. SEBI Regulation for issue of shares through preferential issue;
7. background information provided through emails or during discussion.

We have also obtained further explanations and information considered reasonably necessary for our exercise, from the management and discussed with management the past and current business operations or the financial condition of the Companies.

Procedure Adopted:

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

- Requested and received financial and qualitative information from the management and obtained data available in public domain;
- Discussions with the Management to understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance of the Companies;
- Discussions with the Valuer to understand the valuation methodology adopted and reviewed internationally accepted valuation methodology/(ies) as considered appropriate in relation to the Companies and the Transaction;
- Researched publicly available market data including economic factors and industry trends that may impact the valuation.

Assumptions and limitations:

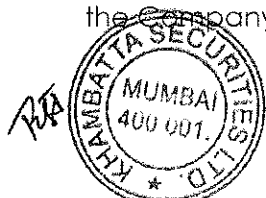
In giving our opinion:

1. We have relied without independent verification, upon the accuracy and completeness of all of the information (including, without limitation the Valuation Report) that was made available to us or publicly available or was discussed with



or reviewed by us (including the information set out above) and have assumed such accuracy and completeness for the purpose of providing this opinion;

2. We have relied on the assessment of RCVPL's management on the commercial merits of the Merger, including that the Merger is in the best interests of the Company and its shareholders as a whole;
3. While we have used various assumptions, judgements and estimates in our inquiry, which we consider reasonable and appropriate under the circumstances, no assurances can be given as to the accuracy of any such assumptions, judgments and estimates;
4. We have assumed that all governmental, regulatory, shareholder and other consents and approvals necessary for the Merger will be obtained in a timely manner without any adverse effect on the Company;
5. We have not made any independent evaluation or appraisal of the assets and liabilities of the Company, the Transferor Company and we have not been furnished with any such evaluation or appraisal, nor have we evaluated the solvency or fair value of the Company, the Transferor Company under any laws relating to the bankruptcy, insolvency or similar matters;
6. We have not conducted any independent legal, tax, accounting or other analysis of the Company or of the Merger and when appropriate we have relied solely upon the judgements of the Company's legal, tax, accountants and other professional advisers who may have given such advice to the Company without knowledge or acceptance that it would be relied upon by us for the purpose of this opinion. We have not included the legal and tax effects of any reorganization or transaction costs that may arise as a result of the Merger in our analysis. In addition, we have not performed any independent analysis of the situation of the individual shareholders of the Company, including with respect to taxation in relation to the Merger and express no opinion thereon;
7. We have not undertaken independent analysis of any potential or actual litigation, regulatory action, possible un-asserted claims, or other contingent liabilities to which the Company, the Transferor Company is or may be a party or is or may be subject, or of any government investigation of any possible un-asserted claims or other contingent liabilities to which the Company, the Transferor Company is or may be a party or is or may be subject, and relied on the information provided by the management of the companies;
8. We have not conducted any physical inspection of the properties or facilities of the Company, the Transferor Company;



9. We have assumed that the Merger will be consummated on the terms set forth in the Scheme Document and that the final version of the Scheme Document will not change in any material respect from the draft version we have reviewed for the purpose of this opinion;
10. We have assumed that the Share Exchange Ratio will not be subject to any adjustments and express no opinion regarding any adjustments to the Share Exchange Ratio after the date of this opinion;
11. We have assumed that the management of the Company are not aware of any facts or circumstances that would make any information necessary for us to provide this opinion inaccurate or misleading and that the management have not omitted to provide us with any information which may be relevant to the delivery of this opinion.

Our opinion is necessarily based on the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect the opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

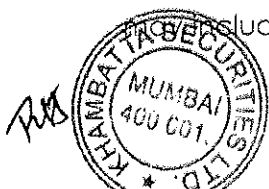
We are expressing no opinion herein as to the price at which any securities of the Transferee Company will trade at any time.

Relationship with Khambatta Securities Limited:

Khambatta Securities Limited ("KSL") was not requested to, and did not, provide advice concerning the structure, the Share Exchange Ratio or any other aspects of the Merger or to provide services other than the delivery of this Fairness Opinion. KSL did not participate in negotiations with respect to the terms of the Merger and any related transactions. Consequently, KSL has assumed that such terms are the most beneficial terms from the Company's perspective that could under the circumstances be negotiated with the Transferor Company.

We will receive a fee from the Company for rendering this opinion which is not contingent upon the results reported and fair-ness opinion provided by us. We 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 we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Companies, their directors, employees or agents.

In the past 5 years, KSL and its affiliates have not provided any advisory and merchant banking services to the Transferor Company and its affiliates but in future KSL may continue to provide such services to the Transferee Company and its affiliates and the Transferee Group and receive fees in relation thereto. Such services include, without limitation, providing advisory and merchant banking services to



the Transferee Company, The Transferor Company and its affiliates in relation to the Merger. It is prudent to note that Khambatta Securities Limited, an affiliate of KSL, may, in the ordinary course of their business, trade in the equity or other listed securities of the Transferee Company for their own accounts, or for the accounts of its customers. However, we have adopted appropriate mechanisms and procedures to comply with the Model Code, as prescribed in Schedule I of Regulation 12 of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Other Limitations:

This opinion is addressed to and provided solely for the Board of Directors of the Company exclusively in connection with and for the purposes of its evaluation of the fairness of the Share Exchange Ratio. This letter shall not confer rights or remedies upon, and may not be used or relied on by, any holder of securities of the Company, any creditor of the Company or by any other person other than the Board of Directors of the Company.

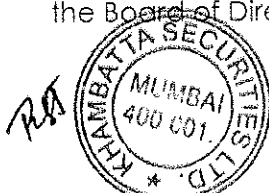
KSL is acting for the Board of Directors of the Transferee Company and no one else in connection with the Merger and will not be responsible to any person other than the Board of Directors of the Transferee Company for providing this opinion. Neither the existence of this letter nor its contents may be copied in whole or in part, or discussed with any other parties, or published or made public or referred to in any way, without our prior written consent in each instance, except that this opinion may be described in and included in its entirety in the Scheme Document. We take no responsibility or liability for any claims arising out of any such disclosure and we specifically disclaim any responsibility to any third party to whom this opinion may be shown or who may acquire a copy of this opinion.

This opinion shall be governed by the laws of India.

This Report does not constitute a solvency opinion or an investment recommendation and should not be construed as such either for making or divesting investment. Our work does not constitute an audit or certification or due diligence of the past financials of the Company, the Transferor Company and we have relied upon the information provided to us by the Company and the Valuer as regards such working results.

Specifically, this opinion does not address the commercial merits of the Merger nor the underlying decision by the Company to proceed with the Merger nor does it constitute a recommendation to any shareholder or creditor of the Company as to how such shareholder or creditor should vote with respect to the Merger or any other matter.

The ultimate responsibility for the decision to recommend the Merger rests solely with the Board of Directors of the Transferee Company.



Our Analysis:

For the purpose of forming our opinion and the Report, we have primarily relied on the Valuation Report and our discussions with the Valuer.

As per the current market valuation standards, any valuation exercise can be carried out using various methodologies including, but not limited to, Market Multiple method, Net Asset Value method and Discounted Cash Flow method and the appropriateness of the valuation methodology depends on various factors. Basis our discussions with the Valuer, we were informed that taking into consideration the market conditions, to ensure the appropriateness and uniformity in the valuation, the Valuer has adopted the Discounted Cash Flow methodology for all the Companies by adopting appropriate assumptions in light of the current market conditions.

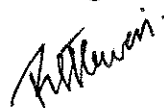
Conclusion:

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 and we are of the opinion that, as of the date hereof, the Share Exchange Ratio are fair, from a financial point of view, to the shareholders of the Company.

Thanking you,

For,

Khambatta Securities Limited
Category - I Merchant Banker
SEBI Regn: INM000011914



Ronak Jhaveri
Authorised Signatory



Date: January 04, 2022

Place: Mumbai

Background:**Royal Cushion Vinyl Products Limited or The Transferee Company**

"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").

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:

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

Board of Directors as on October 1, 2021

| Name of Directors | Director Identification Number |
|-------------------------|--------------------------------|
| Jayesh Motasha Amritlal | 00054236 |
| Mahesh Kantilal Shah | 00054351 |
| Avani Pandit Jolly | 08386003 |
| Harsha Shah Mukesh | 08386011 |

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/- |



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% |

Royal Spinwell and Developers Private Limited or The Transferor Company

"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.

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

Board of Directors as on October 1, 2021

| Name of Directors | Director Identification Number |
|-------------------------|--------------------------------|
| Jayesh Motasha Amritlal | 00054236 |
| Vinod Kantilal Shah | 00054667 |

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/- |

