

ऑलबैंक फाइनांस लिमिटेड

(इलाहाबाद बैंक को पूर्णतः स्वधिकृत सहयोगी संस्था)

कोर्पोरेट ऑफिस :

इलाहाबाद बैंक बिल्डिंग, 2री मंजील,

37, मुंबई समाचार मार्ग, फोर्ट, मुंबई - 400 023.

फोन : 022-2262 6283 * टेलिफैक्स : 022-2267 7552

SEBI Registered Category 1 Merchant Banker INM 00006609

Debenture Trusteeship Registration : IND 000000528

**AllBank Finance Limited**

(A wholly owned subsidiary of Allahabad Bank)

Corporate Office :

Allahabad Bank Bldg., 2nd Floor,

37, Mumbai Samachar Marg, Fort, Mumbai - 400 023.

Tel. : 022-2262 6283 * Telefax : 022-2267 7552

AMFI Registered Mutual Fund Distributor ARN : 46758

June 28th, 2013

ABFL/FOC/13-14/119A

To

The Board of Directors

Rane (Madras) Limited

Maithri 132, Cathedral Road,

Chennai - 600 086

India.

Dear Sir,

Sub: Fairness Opinion Certificate on the valuation carried out by BSR & Associates (Chartered Accountants) for the purpose of amalgamation of Rane Diecast Limited with Rane (Madras) Limited and their respective shareholders

This has reference to the request made by the management of Rane (Madras) Limited (herein referred to as 'RML' or "the transferee company"), in connection with fairness opinion on the valuation exercise for proposed amalgamation of Rane Diecast Limited (herein referred to as 'RDL' or "the transferor company") with Rane (Madras) Limited (hereinafter collectively referred to as "the Companies") and their respective shareholders as embodied in the Draft Scheme of Amalgamation to issue and allot shares of Rane (Madras) Limited as undertaken by BSR & Associates (hereinafter referred to as "Valuer") to recommend exchange ratio of shares for proposed amalgamation.

CERTIFIED TRUE COPY

For Rane (Madras) Limited

S. Subha Shree
S Subha Shree
Secretary





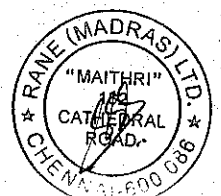
1. PURPOSE OF VALUATION UNDERTAKEN BY THE VALUER

- 1.1. We have been informed that the Board of Directors of the Companies is considering proposal for amalgamation of RDL with RML.
- 1.2. In this regard, BSR & Associates. (Chartered Accountants) was appointed to carry out the valuation with a view to recommend ratio of exchange of shares in the event of amalgamation of Rane Diecast Limited with Rane (Madras) Limited.
- 1.3. The information contained herein and in our report is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approval as per clause 24(f) and clause 24(h) of the Listing Agreement.

2. SOURCES OF INFORMATION

For the purpose of fairness opinion, we have relied upon the following sources of information:

- a) Draft Scheme of Amalgamation ("the Scheme") u/s 391 to 394 of the Companies Act, 1956 with regards to the proposed amalgamation;
- b) Draft copy of the Valuation report issued by M/s BSR & Associates (Chartered Accountants) recommending the share exchange ratio under the Scheme; as provided by the management of Rane Madras Limited
- c) Audited Financials Statements of the Companies for the financial year ended March 31, 2013.
- d) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern, market



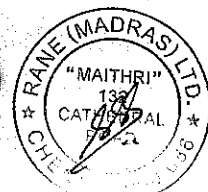


quotations, income tax position and other relevant information and data, including information in the public domain.

- e) such other information and explanations as we required and which have been provided by the management of the Companies and M/s.BSR & Associates.

3. EXCLUSIONS & LIMITATIONS

- 3.1. Our conclusion is based on the information furnished to us being complete and accurate in all material aspects. We have relied upon the historical financials, projections and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy.
- 3.2. We have not conducted any independent valuation or appraisal of any of the assets and liabilities of the Companies.
- 3.3. Our work does not constitute verification of historical financial statements including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4. Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5. Our opinion is not, nor should it be construed as our opinion or certifying the compliance of the proposed demerger with the provisions of any law including Companies, taxation and Capital Market related laws or as regards any legal implications or issues arising thereon.
- 3.6. We assume no responsibility for updating or revising our opinion based on circumstances or event occurring after the date hereof. We do not express any opinion as to the price at





which the shares of the Transferee Company may trade at any time, including subsequent to the date of this opinion.

4. VALUATION METHODOLOGY ADOPTED BY THE VALUER

- 4.1. For the purpose of valuation, the Valuer has assigned appropriate weightages to the values arrived using the Comparable Companies Multiple (CCM) method and the Discounted Cash Flow (DCF) method for the Companies for determining the fair value per share of RML and RDL and arrived at the exchange ratio of shares for the proposed amalgamation.
- 4.2. **Comparable Companies' Multiples (CCM)/ Guideline Company Method:-** Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifest through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. The valuer has used the Profitability based valuation multiple of comparable listed companies for the purpose of the valuation under this method. Further, to arrive at the total value available to the equity shareholders of each of the Companies, value arrived under the CCM Method for the Companies is adjusted for the value of loans, cash, non-operating assets / liabilities and preference share holders liability and related cash outflows.
- 4.3. **Discounted Cash Flow (DCF) Method:** Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. To arrive at the total value available to the equity shareholders of each of the Companies, value arrived under the DCF method for the Companies is adjusted for the value of loans, cash, non-operating assets / liabilities and preference share holders liability and related cash outflows.





5. CONCLUSION

- 5.1. We have reviewed the methodology as mentioned above used by the valuer for arriving at the valuation of the shares of the Company and also reviewed the working and underlying assumptions adopted to arrive at the values under the above approach, for the purposes of recommending a exchange ratio for shares.
- 5.2. On the basis of the foregoing, in our opinion, the exchange ratio of 1 (One) equity shares of Rane (Madras) Limited of Rs 10/- each fully paid up for every 30 (Thirty) equity shares of Rane Diecast Limited of Rs 10/- each fully paid up, recommended by the valuer is fair.
- 5.3. Based on the facts, information and explanations given to us, we are of the opinion that the above share exchange ratio as considered under the proposed amalgamation of RDL with RML is fair and reasonable to the shareholders of the Companies.

Yours faithfully,

For Allbank Finance Limited



Authorised Signatory

