

Motilal Oswal Investment Advisors Limited
 Registered Office: Motilal Oswal Tower, 10th Floor
 Rahimtullah Sayani Road, Opposite Parel S.T. Bus Depot
 Prabhadevi, Mumbai – 400 025
 Tel: +91 22 7193 4380
 CIN: U67190MH2006PLC160583

STRICTLY CONFIDENTIAL

February 9, 2024

The Board of Directors
Rane Brake Lining Limited
 Maithri, No. 132,
 Cathedral Road,
 Chennai - 600 086, India

Ladies and Gentlemen:

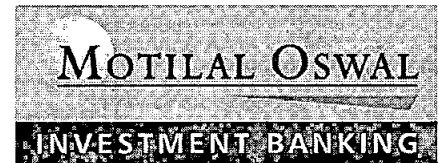
Background of the Engagement

We understand that the Board of Directors of Rane (Madras) Limited ("**Transferee Company**") is considering the merger by absorption of Rane Brake Lining Limited ("**Transferor Company**") into Rane (Madras) Limited through a Scheme of Amalgamation ("**Scheme**") under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 (including any statutory modification or re-enactment or amendment thereof), as may be applicable ("**Proposed Merger**"). The Transferee Company and Transferor Company shall together, be hereinafter referred to as ("**Companies**").

PwC Business Consulting Services LLP ("**PwC**") bearing registration number IBBI Registration No. IBBI/RV-E/02/2022/158 and Bansi S. Mehta Valuers LLP ("**Bansi**") bearing registration number IBBI/RV - E/06/2022/172 (together referred to as "**Valuers**") have each issued a report dated February 9, 2024 (the "**Valuation Reports**") in relation to valuation of the Transferee Company and Transferor Company. Based on our perusal of the Valuation Reports, we understand that it has been proposed that pursuant to the Proposed Merger, the Transferee Company shall issue and allot 21 (Twenty-One Only) fully paid-up equity shares of ₹10 each of the Transferee Company for every 20 (Twenty Only) fully paid-up equity shares ₹10 each of the Transferor Company.

In connection with the aforesaid, and pursuant to an engagement letter dated January 9, 2024, ("**Engagement Letter**") whereby Rane Brake Lining Limited (hereinafter referred to as "**Company**") has engaged Motilal Oswal Investment Advisors Limited ("**MOIAL**") to provide a fairness opinion to the Company on the share exchange ratio, from a financial point of view, in relation to the Proposed Merger ("**Fairness Opinion**"). This Fairness Opinion is being issued pursuant to the requirements of the SEBI Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, titled "*Master Circular on Scheme of Arrangement by Listed Entities* including amendments thereof.





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Background of Rane (Madras) Limited

Rane (Madras) Limited (“RML”) was incorporated on March 31, 2004, as a public limited company under the Companies Act, 1956 in the state of Tamil Nadu. The CIN of RML is L65993TN2004PLC052856. The Registered Office of the RML is situated at Maithri, No. 132, Cathedral Road, Chennai - 600 086, Tamil Nadu, India. The equity shares of RML, bearing ISIN INE050H01012 are listed on the BSE Limited and are traded under the scrip code **532661** and the National Stock Exchange of India Limited and are traded under the scrip code RML.

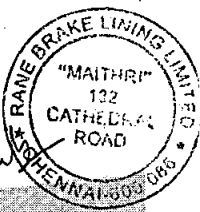
Background of Rane Brake Lining Limited

Rane Brake Lining Limited (“RBL”) was incorporated on December 17, 2004, as a public limited company under the Companies Act, 1956 in the state of Tamil Nadu. The CIN of RBL is L63011TN2004PLC054948. The Registered Office of the RBL is situated at Maithri, No. 132, Cathedral Road, Chennai - 600 086, Tamil Nadu, India. The equity shares of RBL, bearing ISIN INE244J01017 are listed on the BSE Limited and are traded under the scrip code **532987** and the National Stock Exchange of India Limited and are traded under the scrip code RBL.

Brief Background of the Scheme of Merger

The Scheme, as approved by the Board of Directors of the Company is expected to be available on the websites of the Company as well as on the BSE and the NSE. The rationale for the Scheme, as shared with us, by the Board of Directors of the Company is as follows:

“The proposed scheme would be in best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders as the proposed reorganization pursuant to this Scheme is expected, inter alia, to yield advantages as set out below: a) The companies to the scheme viz., the Transferor Companies and the Transferee Company are engaged in the manufacturing of auto components parts such as steering gears, braking products, engine valves, etc. and are subject to the same industry risk. Hence, consolidation of all operating businesses under a single listed entity will simplify the group structure. b) Consolidation of shareholdings in a single listed entity will align interests of all the shareholder groups and allow them to participate in the growth prospects of a larger diversified auto component player. c) Integration of businesses under a common unified platform will enable more coordinated and comprehensive business management with greater focus and attention. d) Amalgamation will help achieve revenue and cost synergies and enhance operational, organizational and financial efficiencies from increase in scale of operations. Further, the merged

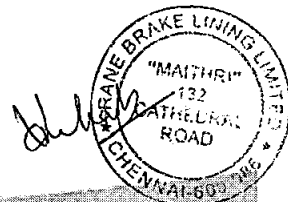


entity will benefit from economies of scale by pooling resources. e) The amalgamation will increase product offerings of the combined entity and will diversify its revenue stream. f) Unified approach on customer engagement and service delivery, supply chain management, procurement etc. would enhance operational and financial synergies. g) Optimization of support and administration functions. h) Consolidation of funds and resources would lead to improved availability of capital which could be allocated more efficiently / optimally to pursue growth opportunities under the respective businesses. i) Improved organization capability and leadership, arising from pooling of human capital.”

Sources of information made available for our review

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

1. reviewed the Valuation Report issued by the Valuers;
2. reviewed the Draft Scheme document;
3. reviewed the audited financial information of the Company for the year ended March 31, 2023 and Management certified unaudited standalone financial statements of the Company comprising of balance sheet and profitability statement for 6 months period ended September 30, 2023 and limited reviewed financial information for the period ended December 31, 2023.
4. reviewed certain historical business and financial information which was publicly available of each of the Company;
5. reviewed historical stock prices and trading volumes of the Transferee Company on BSE & NSE;
6. held discussions with the Valuers, in relation to the approach taken to valuation, and the details of the various methodologies utilized by them, including analysis and selection of peers utilised for the market approach to valuation and such other matters which we believed were appropriate for the purposes of preparing the Fairness Opinion;
7. sought relevant information and various clarifications from the respective senior management team of the Company; and
8. performed such other financial analysis and considered such other information and factors as we deemed appropriate.



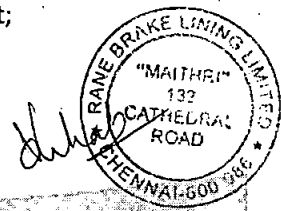


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Assumptions and Limitations

In relation to the Fairness Opinion,

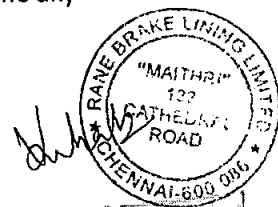
1. we have assumed and relied upon, without independent verification on an “as is” basis, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Companies for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and, we have simply accepted this information on an “as is” basis, and have not verified the accuracy and/ or the completeness of the same from our end;
2. we have made certain assumptions, judgments and estimates during our interactions with the Company’s Management, which we believe are reasonable and appropriate. Given the nature of the assignment, however, no assurances can be given as to the accuracy of any such assumptions, judgments and estimates;
3. It is expressly stated that the basis of the fairness opinion is contingent on the Proposed Merger culminating in the form and manner that has been proposed in the scheme of amalgamation;
4. we have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Companies and neither express any opinion with respect thereto nor accept any responsibility thereof. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies, nor have we been furnished with any such appraisals;
5. we have not reviewed any internal management information statements or any non-public reports other than those covered above, and have relied upon information that was publicly available or provided or otherwise made available to us by the Companies on an “as is” basis for the purposes of this Fairness Opinion;
6. we assume no responsibility for the legal, tax, accounting or structuring related matters in relation to the Companies and the Proposed Merger;
7. we have relied on the assessment of the management of the Companies that they have assessed the commercial merits, including that the Proposed Merger is in the best interests of the shareholders of the respective Companies, and we express no opinion on such assessment;





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8. we have not independently verified any financial forecasts, business plans or other internal financial analysis relating to the Transferor Company and Transferee Company;
9. we have made no adjustment to the share price of Transferee Company for the purposes of our analysis;
10. we are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims;
11. we have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Companies other than as disclosed by the Companies and to the extent the Companies believe they are likely to materialize and have, to that extent, been adjusted in the valuation;
12. we have also assumed that there has been no material change in the assets and financial condition, results of operations, business, or prospects of the Companies since the date of the most recent financial statements published that have not otherwise been disclosed in the public domain;
13. we understand that the management of the Companies, during our discussion with them, would have drawn our attention to all such information and matters, and would have disclosed such matters to us in a timely manner, which may have an impact on our analysis and opinion;
14. we have assumed that the Proposed Merger will be approved by regulatory authorities and that the Proposed Merger will be consummated substantially in accordance with the terms set forth in the Scheme, and that the final version of the Scheme will not change in any material respect from the draft version we have reviewed for the purpose of this opinion;
15. we have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Merger, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Merger that may have been contemplated; and
16. the Fairness Opinion is provided as on the date and events occurring after the date hereof may affect this Fairness Opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm our opinion.





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Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information, made available to us as of the date hereof.

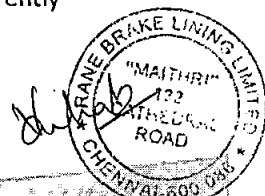
Our Fairness Opinion does not address nor recommend at all as to the Companies' underlying decision to effect the Proposed Merger or as to how the holders of equity shares or the secured or unsecured creditors of Companies should vote at their respective meetings held in connection with the Proposed Merger.

We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Merger. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of the Transferee Company will trade on the stock exchanges following the announcement of the Proposed Merger or as to the financial performance of the Companies following the consummation of the Proposed Merger. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders/ investors should buy, sell, or hold any stake in the Companies or any of its related parties (holding company/ subsidiary/ associates etc).

Companies' relationship with MOIAL

We will receive a fee in relation to the delivery of this Fairness Opinion. In addition, the Company has agreed to indemnify us in relation to our engagement in providing this Fairness Opinion. We were not requested to, and did not, provide advice concerning the structure, the share exchange ratio, or any other aspects of the Proposed Merger or to provide services other than the delivery of this Fairness Opinion. We did not participate in negotiations with respect to the terms of the Proposed Merger and any related transactions.

In the ordinary course of business, MOIAL as well as its affiliates, and their directors, officers, shareholders, employees, representatives, agents, branches, associates, advisors, successors, permitted assigns (the "Motilal Oswal Group") are engaged in, inter alia, providing investment banking services, securities trading, securities brokerage, and investment activities, as well as, providing investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the Motilal Oswal Group, in relation to the Companies involved in the Proposed Merger, may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or other securities of any of these Companies, and may vote at any general meeting as they deem fit. Further, MOIAL and the Motilal Oswal Group may have, in the past few years have provided, and currently





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provide, services to the Companies or their affiliates, unrelated to the Proposed Merger, and would have received or expect to receive compensation for such services.

Distribution of the Fairness Opinion and other Limitations

The Fairness Opinion is addressed to and provided only to the Board of Directors of the Company exclusively in connection to and for the purposes of its evaluation of the fairness of the Share Exchange Ratio, from a financial point of view. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without MOIAL's prior written consent. The Fairness Opinion shall not confer rights or remedies upon, and may not be relied upon or used by, any shareholder or other holders of securities of the Company, or by any other person, except for the Board of Directors of the Company.

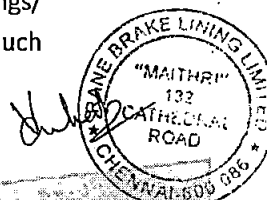
However, the Company may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to the Company promptly intimating MOIAL in writing about receipt of such request from the regulatory authority.

This Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove.

If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same as the same would have been shared in contravention of the provisions hereof on a "non-recourse" and "non-reliance" basis. Neither this Fairness Opinion nor its contents may be referred to or quoted to/ by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. In no circumstances, will MOIAL or its management, directors, officers, employees, agents, advisors, representatives, successors, permitted assigns and controlling persons accept any responsibility or liability including any pecuniary or financial liability to any third party. The Fairness Opinion shall be governed by the laws of India, and with respect to any suit, action or any other proceedings relating to this Fairness Opinion, the courts of competent jurisdiction of India shall have exclusive jurisdiction.

Conclusion

Based on our examination of the Valuation Reports, such other information/ undertakings/ representations provided to us by the Company, and our independent analysis and evaluation of such





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information, and subject to the scope limitations as mentioned hereinabove, and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio is fair, from a financial point of view, for the shareholders of the Company.

For Motilal Oswal Investment Advisors Limited

Authorised Signatory

Name: Subodh Mallya

Designation: Senior Group Vice President

Place: Mumbai