

February 09, 2024

The Board of Directors/Audit Committee,
Rane Engine Valve Limited
Maithri No. 132, Cathedral Road,
Chennai, Tamil Nadu - 600 086

Dear Sir / Madam,

Sub: Fairness opinion on the recommendation of fair share exchange ratio ("Share Exchange Ratio") for the Proposed Transaction of Amalgamation of Rane Engine Valve Limited into and with Rane (Madras) Limited

We refer to the Engagement Letter dated 11th January, 2024 with Centrum Capital Limited (hereinafter referred to as "Centrum" or "us" or "we") wherein Rane Engine Valve Limited (hereinafter referred to as "you" or "REVL" or "the Company" or "Transferor Company -1") has requested us to provide a fairness opinion on the Share Exchange ratio as on February 9, 2024 ("Valuation Date") recommended by Bansi S. Mehta Valuers LLP and PwC Business Consulting Services LLP and (collectively referred to as "Registered Valuers" / "Valuers") for the proposed Amalgamation (the "Amalgamation") of the Transferor Company -1, with and into Rane (Madras) Limited ("RML" or "Transferee Company") ("Proposed Transaction") pursuant to the Scheme of Amalgamation under Sections 230 to 232 of the Companies Act, 2013 ("Act"), and other applicable provisions and rules framed thereunder.

- Scheme as mentioned herein refers to the merger of (i) Transferor Company 1 and (ii) Rane Brake Lining Limited (hereinafter referred to as "RBL" or "Transferor Company -2") into Transferee Company.
- Transferor Company -1 and Transferor Company -2 are collectively referred to as the "Transferor Companies".

A. SCOPE AND PURPOSE OF THE REPORT

- 1.1.1 We understand that the Company is evaluating amalgamation of REVL with and into RML.
- 1.1.2 The consideration with respect to Proposed Amalgamation will be the issue and allotment of the equity shares of RML to the shareholders of REVL in accordance with the Share Exchange Ratio as recommended by the Registered Valuers. The proposed Amalgamation is to be carried out pursuant to the Scheme of Amalgamation under Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions and rules framed thereunder.

The draft Scheme of Amalgamation ("Scheme") provides for the following:

- (i) The amalgamation of REVL and RBL with and into RML;



- (ii) Issue and allotment of equity shares of RML to the equity shareholders of REVL as per the Share Exchange Ratio recommended by the Valuers;
- (iii) Issue and allotment of equity shares of RML to the equity shareholders of RBL as per the Share Exchange Ratio recommended by the Valuers;
- (iv) The Appointed Date means the opening of business hours on April 1, 2024 or such other date as may be fixed or approved by the NCLT; and
- (v) The Scheme will come into effect from the Effective Date (as defined in the Scheme), being the last of the dates on which the authenticated copies or certified copies of the order of NCLT under Sections 230 to 232 of the Act sanctioning the Scheme is filed with Registrar of Companies by the Transferor Companies and Transferee Company.

In connection with the aforesaid, the Management of REVL ("Management") has engaged Centrum to submit a fairness opinion report on the Share Exchange Ratio with respect the Proposed Amalgamation of REVL into and with RML.

Our scope of work includes commenting only on the fairness of the Share Exchange Ratio with respect the Proposed Amalgamation of REVL into and with RML for the consideration of the Board of Directors and committees of the Board of the Company.

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

This report has been issued for facilitating the Proposed Transaction and should not be used for any other purpose. The aforesaid amalgamation shall be pursuant to the draft Scheme of Amalgamation and shall be subject to the receipt of approval from National Company Law Tribunal or such other competent authority as may be applicable and other statutory/ regulatory approvals as may be required. The scheme is conditional upon approval by the public shareholders of the REVL and RML through e-voting in terms of Part - I (A)(10)(a) of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular"). The detailed terms and conditions of the Proposed Transaction is fully set forth in the draft Scheme of Amalgamation. Centrum has issued this Fairness Opinion with the understanding that draft Scheme of Amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Amalgamation alters the Proposed Transaction.

B. BACKGROUND

1. Rane Engine Valve Limited

- 1.1. Rane Engine Valve Limited was incorporated on March 9, 1972, as a limited company in the State of Tamil Nadu under the Companies Act, 1956 under the name and style "Techcons

Limited". The name of the Transferor Company-1 was changed to its present name Rane Engine Valve Limited on February 06, 2008. Its registered office is situated at Maithri, 132, Cathedral Road, Chennai, Tamil Nadu, India, 600086. The Transferor Company-1's Corporate Identity Number is L74999TN1972PLC006127. The PAN number of the Transferor Company-1 is AAAC1279M and the email ID of the authorised representative is ks.anand@ranegroup.com. The Transferor Company-1 is engaged in the business of manufacturing and marketing of auto components for transportation industry viz., engine valves, valve guide and tappet. The equity shares of the Transferor Company-1 are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

- 1.2. The share capital structure of the Transferor Company-1 as on 31st December, 2023 is as under:

Share Capital	Amount in INR
Authorized share capital	
1,23,50,000 Equity Shares of Rs.10 each	12,35,00,000
1,50,000 13.5% Preference Shares (1,50,000 Preference Shares) of Rs. 10 each	15,00,000
Total	12,50,00,000
Issued, subscribed and paid-up share capital	
72,34,455 Equity Shares of Rs.10/- each fully paid-up	7,23,44,550
Total	7,23,44,550

2. Rane (Madras) Limited

- 2.1. Rane (Madras) Limited (hereinafter referred to as 'RML' or "Transferee Company") was incorporated on 31/03/2004, as a limited company in the State of Tamil Nadu under the Companies Act, 1956 under the name and style Rane Holdings Limited and name was changed to Rane (Madras) Manufacturing Limited on February 22, 2005. The name of the Transferee Company was further changed to its present name Rane (Madras) Limited on May 19, 2005. Its registered office is situated at Maithri, 132, Cathedral Road, Chennai, Tamil Nadu, India, 600086. The Transferee Company's Corporate Identity Number is L65993TN2004PLC052856. The PAN number of the Transferee Company is AACCR9772M and the email ID of the authorised representative is s.subhashree@ranegroup.com. The Transferee Company is engaged in the business of manufacturing and marketing of auto components for transportation industry viz., steering and suspension systems, linkage products, steering gear products and aluminium alloy based high pressure die-casting products. The equity shares of

the Transferee Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

2.2. The share capital structure of the Transferee Company as on 31st December, 2023 is as under:

Share Capital	Amount in INR
Authorized share capital	
Equity Shares: 2,50,00,000 equity shares of Rs.10/- each	25,00,00,000
Preference Shares: 1,05,00,000 preference shares of Rs.10/- each	10,50,00,000
Total	35,50,00,000
Issued, subscribed and paid-up share capital	
Equity Shares: 1,62,65,267 equity shares of Rs.10/- each fully paid-up.	16,26,52,670
Total	16,26,52,670

C. RATIONALE OF THE PROPOSED TRANSACTION

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:

- 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.*
- 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.*
- Integration of businesses under a common unified platform will enable more coordinated and comprehensive business management with greater focus and attention.*
- 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.*

D. SOURCES OF INFORMATION

We have relied on the following information received from the Management in connection with the exercise:

- Draft and Final report by Valuers dated February 9, 2024;
- Draft Scheme of Amalgamation;
- Audited financials of REVL for FY20-21, FY21-22 and FY22-23 and unaudited limited review financials for the quarter and nine months ended December 31, 2023;
- Audited financials of RML for FY20-21, FY21-22 and FY22-23 and unaudited limited review financials for the quarter and nine months ended December 31, 2023;
- Financial Projections of REVL and RML;
- Other relevant information and documents for the purpose of this engagement provided through e-mails and/or during discussions.

We have also obtained further explanations and information from the Management considered reasonably necessary for our exercise.

E. PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedure to issue a fairness opinion-

- Requested and received financial and qualitative information;
- Obtained data available in public domain;
- Discussions (over call) with the Management to:
 - Understand the rationale of the Proposed Transaction;
 - Seek clarifications wherever required; and
- Discussions (over call) with Registered Valuers on the draft and final valuation reports and workings of the Registered Valuers.

F. BASIS OF OPINION**APPROACH**

The Share Exchange Ratio is based on the Valuation report dated February 9, 2024 submitted by the Registered Valuers. The Registered Valuers have recommended the following Share Exchange Ratios for the Proposed Amalgamation of REVL into and with RML. –

Share Exchange Ratio –

'9 (Nine) equity share of RML (of INR 10/- each fully paid up) for every 20 (Twenty) equity shares of REVL (of INR 10/- each fully paid up)'

The determination of share exchange ratio would not influence the ultimate value for the REVL and RML.

Centrum has taken the foregoing facts (together with the other facts and assumptions set forth in the section Limitation of Scope and Review) into account when determining the meaning of "fairness" for the purpose of this opinion.

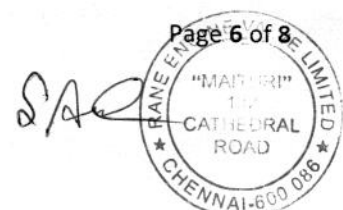
G. LIMITATION OF SCOPE AND REVIEW

The Fairness Opinion only aims to represent that the Share Exchange Ratio as contained in the Opinion is fair and further that the Fairness Opinion shall be valid only for a limited period of time post Centrum's assessment of the relevant information. The Fairness Opinion may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. Fairness Opinion assessment and the Opinion are specific to the date of this report. As such, the Opinion is, to a significant extent, subject to continuance of current trends beyond the date of the report. The services do not represent accounting, assurance, accounting/tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

Centrum's opinion and analysis is limited to the extent of review of documents as provided to Centrum by REVL and RML including the Valuation Report dated February 9, 2024, submitted by the Valuers and the draft Scheme of Amalgamation.

Centrum has relied upon the accuracy and completeness of all information and documents without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. Centrum has not conducted any independent valuation or appraisal of any of the assets or liabilities of REVL. In particular Centrum does not express any opinion as to the value of any asset of REVL whether at current prices or in the future.

No due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims. We have assumed that the information provided to us presents a fair image of REVL at the Valuation Date. Accordingly, we assume no responsibility for any errors in the above information furnished by the



Management and their impact on the present exercise. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable.

Centrum's opinion is not and should not be construed as Centrum's opining or certifying the compliance of the Proposed Transaction with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such Proposed Transaction. In addition, we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Centrum does not express any opinion as to the price at which equity shares of REVL may trade at any time, including subsequent to the date of this opinion. In rendering the opinion, Centrum has assumed that the Scheme will be implemented on the terms describe therein, without any waiver or modification of any material terms or conditions and that in course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have adverse effect on REVL and their respective shareholders.

Centrum has also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from financial point of view, of the Share Exchange Ratio. We acknowledge that this Fairness Opinion will be shared to the extent as may be required, with relevant Tribunal, stock exchanges, advisors of the Companies as well as with statutory authorities in relation to the proposed Scheme. This Fairness Opinion can also be shared with the shareholders of the REVL and RML, as may be required, in relation to the proposed Scheme.

Centrum assume no responsibility for updating or revising its opinion based on circumstances or events occurring after the date hereof. Centrum's opinion is specific to the Proposed Transaction as contemplated in the Scheme as provided to Centrum and is not valid for any other purpose. It is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.

Save and except for REVL, Centrum owes no responsibility to any person in connection with this Fairness Opinion. It may be noted that Centrum's liability in connection with this Fairness Opinion shall be limited only to the extent of fees received for the purpose of this engagement. Centrum does not accept any liability to any third party in relation to the issue of this Fairness Opinion. Neither this Fairness Opinion nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without Centrum's prior written consent. Centrum retains the right to deny permission for the same.

In the ordinary course of business, Centrum and its affiliates are engaged in securities trading, securities brokerage and investment activities as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Centrum and its affiliates 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 senior loans of any company that may be involved in the proposed scheme.

The laws of India govern all matters arising out of or relating to this opinion (including, without limitation, its interpretation, construction, performance, and enforcement). This report is subject to the laws of India.

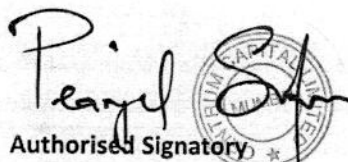
H. OPINION

Having regard to all relevant factors, on the basis of information provided and explanations given to Centrum by the REVL and the Valuers, Centrum is of the opinion, on the date hereof to the best of its knowledge and belief, that the above Share Exchange Ratio as recommended by the Valuers is fair.

It should be noted that we have examined only the fairness of the Share Exchange Ratio for the amalgamation of REVL with and into RML and have not examined any other matter including fairness of the Share Exchange Ratio for the amalgamation of RBL with and into RML, economic rationale for the amalgamation of REVL with RML per se or accounting and tax matters involved in the Proposed Transaction.

Yours truly,

For and on behalf of Centrum Capital Limited


Authorised Signatory

Name: Pranjal Srivastava

Designation: Partner – Investment Banking


Authorised Signatory

Name: Pooja Sanghvi

Designation: AVP – Investment Banking

Date: February 9, 2024

Place: Mumbai

