

CONFIDENTIAL

Date: February 09, 2024

To
The Board of Directors,
Rane (Madras) Limited
 "Maithri", No. 132
 Cathedral Road, Chennai - 600086
 India

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Rane (Madras) Limited ("RML" or the "Transferee Company"), Rane Engine Valve Limited ("REVL" or the "Transferor Company 1") and Rane Brake Lining Limited ("RBL" or the "Transferor Company 2") are considering an amalgamation of Transferor Company 1 and Transferor Company 2 with and into the Transferee Company. The proposed merger is to be carried out pursuant to a Scheme of Amalgamation ("Scheme") under the relevant provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) as may be applicable and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the regulations and guidelines issued by the SEBI from time to time.

RML, RBL and REVL are hereinafter jointly referred to as Parties. REVL and RBL are hereinafter jointly referred to as 'Transferor Companies'.

We understand from the management of RML that, pursuant to the proposed merger, the equity shareholders of REVL and RBL will be issued equity shares in RML as consideration for their respective shareholding in REVL and RBL. The terms and conditions of the proposed merger are more fully set out in Draft Scheme shared with us on 07 February 2024 ("Draft Scheme"), the final version of which will be placed before the Board of Directors of the Parties for necessary approval and will be filed by the Parties with the appropriate authorities.

We further understand that the share exchange ratio for the proposed merger has been arrived at based on the joint valuation report dated 09 February 2024 prepared by PwC Business Consulting Services LLP and M/s Bansi S. Mehta Valuers LLP (the "Valuers"), who have been jointly appointed for this exercise by RML, REVL and RBL.

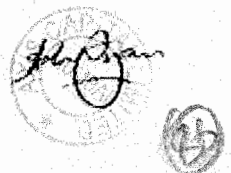
Based on our perusal of the joint valuation report dated 09 February 2024 prepared by the Valuers, we understand that it has been proposed that pursuant to the amalgamation of REVL into RML, for every 20 fully paid up equity shares of the face value of INR 10 each held by the shareholders of REVL, RML shall issue and allot 9 fully paid up equity shares of the face value of INR 10 each of RML (hereinafter referred to as the "Share Exchange Ratio 1"). It has also been proposed that pursuant to the amalgamation of RBL into RML, for every 20 fully paid up equity shares of the face value of INR 10 each held by the shareholders of RBL, RML shall issue and allot 21 fully paid up equity shares of the face value of INR 10 each of RML (hereinafter referred to as the "Share Exchange Ratio 2").



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Share Exchange Ratio 1 and Share Exchange Ratio 2 are hereinafter jointly referred to as Share Exchange Ratios.

In connection with the aforesaid, you have requested our opinion ("Opinion"), as of the date hereof, as to the fairness of the share exchange ratios, as proposed by the Valuers, from a financial point of view to the shareholders of RML.

II. Basis of Opinion

The rationale for the Scheme as shared with us by the RML's management is based on the amalgamating companies and the respective shareholders, employees, creditors and other stakeholders benefiting from the following advantages:

- 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.

Some key details related to each of the aforesaid companies is as under –

REVL is a public company, limited by shares, incorporated under the Indian Companies Act, 1956 and has its registered office at "Maithri", No. 132, Cathedral Road, Chennai – 600086, India. The equity shares of REVL are listed on BSE Limited and National Stock Exchange of India Limited. REVL is engaged, inter alia, in the business of manufacturing engine valves, valve guides and tappets for various IC engine applications.

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RBL is a public company, limited by shares, incorporated under the Companies Act, 1956 and has its registered office at "Maithri", No. 132, Cathedral Road, Chennai – 600086, India. The equity shares of RBL are listed on BSE Limited and National Stock Exchange of India Limited. RBL is engaged inter alia in the business of manufacturing friction material products such as brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks.

RML is a public company, limited by shares, incorporated under the Indian Companies Act, 1956 and has its registered office at "Maithri", No. 132, Cathedral Road, Chennai – 600086, India. The equity shares of RML are listed on BSE Limited and National Stock Exchange of India Limited ("NSE"). RML is engaged, inter alia, in the business of manufacturing steering, linkages and light metal casting products in auto components space.

The key features of the proposed merger provided to us through the Draft Scheme are as under:

1. With effect from the Appointed Date (as defined in the Draft Scheme) and upon the Scheme becoming effective, the Transferor Companies along with all its assets, liabilities, contracts, employees, licenses, records, approvals etc. being integral parts of the Transferor Companies shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Transferee Company, as a going concern
2. As consideration for the merger of REVL and RBL into RML, RML shall issue and allot equity shares to the equity shareholders of REVL and the equity shareholders of RBL proportionate to their holding in REVL and RBL respectively
3. RML shares to be issued and allotted by RML in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of RML and shall rank *pari passu* in all respects and shall have the same rights attached to the then existing equity shares of RML
4. Upon the coming into effect of the Scheme, RBL and REVL shall stand dissolved without being wound up
5. Share Exchange Ratios are based on the joint valuation report dated 09 February 2024 submitted by the Valuers

We have relied upon the Draft Scheme shared with us and taken the abovementioned key features of the scheme (together with other facts and assumptions set forth in section III of this Opinion) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis are limited to the extent of review of documents as provided to us by RML, REVL and RBL including the joint valuation report prepared by the Valuers and the Draft Scheme.

In connection with this Opinion, we have:

- (i) reviewed the Draft Scheme and the joint valuation report dated 09 February 2024 prepared by the Valuers;
- (ii) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and company presentations;
- (iii) reviewed certain historical business and financial information relating to each of the relevant entities, as provided by the respective companies, and sought certain clarifications with respect to the same;
- (iv) considered publicly available research on REVL, RBL and RML as available with us as at the date hereof;
- (v) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilized by them in preparing the joint valuation report and recommendations;
- (vi) sought various clarifications from the respective senior management teams of the relevant companies;

- (vii) reviewed historical stock prices and trading volumes of RML's, REVL's and RBL's shares on BSE & NSE; and
- (viii) performed such other financial analysis and considered such other information and factors as we deemed appropriate.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon assurances of the Parties that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of RML, REVL and RBL, and / or their subsidiaries/affiliates. In particular, we do not express any opinion as to the value of any asset of RML, REVL and RBL, and / or their subsidiaries/affiliates, whether at current time or in the future. No investigation of RML's, REVL's and RBL's claim to title of assets has been made for the purpose of the exercise and the claim to such rights has been assumed to be fully valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of RML and / or REVL and / or RBL and / or their subsidiaries/affiliates under any law relating to bankruptcy, insolvency or similar matter.

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. Moreover, in this case where equity shares of RML are being issued as consideration to the shareholders of REVL and RBL, it is not the absolute per share value that is important for framing an opinion but the relative per share value of RML vis-à-vis per share value of REVL and relative per share value of RML vis-à-vis per share value of RBL.

We have assumed, with the Transferee Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no extraordinary delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Transferee Company or the Transferor Companies and / or their relevant subsidiaries/ affiliates and their respective shareholders. We have assumed at the direction of the Transferee Company that the final scheme will not differ in any material respect from the Draft Scheme. We understand from the Transferee Company's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any terms or other aspects of the Draft Scheme (other than the Share Exchange Ratios, from a financial point of view) including, without limitation, the form or structure of the proposed transaction. We were not requested to, and we did not, participate in the negotiations for the proposed transaction. Our Opinion is limited to the fairness, from a financial point of view, of the Share Exchange Ratios proposed by the Valuers, to the shareholders of RML. Our analysis relates to the relative values of RML, REVL and RBL. However, the actual transaction value may be significantly different from the result of our analysis and would depend on several factors, including the negotiating ability and motivations of the respective entities. We express no opinion or view with respect to the financial implications of the proposed merger for any stakeholders, including creditors of the Transferee Company, the Transferor Company 1 and/or the Transferor Company 2.

We express no view as to, and our Opinion does not address, the underlying business decision of the Transferee Company to effect the proposed merger, the relative merits of the proposed merger as compared to any other alternative business strategy, the effect of the proposed merger on the Transferee Company or its affiliates,



including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of RML's shares post completion of the proposed merger. The Transferee Company remain solely responsible for the commercial assumptions on the basis of which it has agreed to proceed with the proposed merger. Our Opinion is necessarily based only upon information as referred to in this letter. We have relied solely on representations, whether verbal or otherwise, made by the management of RML, REVL and RBL, for areas where the same has been made.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on RML, REVL and RBL and / or their subsidiaries/affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all SEBI regulations) or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, Governmental investigation, or other contingent liabilities to which the Transferee Companies, Transferor Company and/or their subsidiaries/affiliates, are/or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders' rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Draft Scheme other than the fairness, from a financial point of view, of the Share Exchange Ratios proposed by the Valuers, to the shareholders of RML.

While we have provided our recommendation as to the fairness of the Share Exchange Ratios based on the information available to us and joint Valuation Report provided by the Valuers and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratios. The final responsibility for the determination of the exchange ratio at which the proposed merger shall take place will be with the Board of Directors of the respective parties who should take into account other factors such as their own assessment of the merger.

We may have in the past provided, and may currently or in the future provide, investment banking services to the Transferee Company, Transferor Company 1, Transferor Company 2 and/or their subsidiaries or their respective affiliates that are unrelated to the proposed scheme, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Transferee Company, Transferor Company 1, Transferor Company 2 and/or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Limited may invest in securities of the Transferee Company, Transferor Company 1, Transferor Company 2 and / or their subsidiaries or group companies, for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. We will not be responsible to any other person/party for any decision. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Transferee Company (in its capacity as such) in connection with its consideration of the proposed merger and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on Axis Capital Limited (including, without limitation, any duty of trust or confidence). It is hereby notified that any reproduction, copying or otherwise quoting of this document or any part thereof except for the purpose mentioned herein can only be done with our prior permission in writing. Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed

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or as required under applicable law, and for no other purpose. Neither Axis Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

The Transferee Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed merger. This document is governed by and construed in accordance with the laws of India. For disputes, if any, regarding to this Opinion be conducted at Mumbai Centre for International Arbitration, in accordance with Clause 3(b) of the SEBI master circular dated December 28, 2023 bearing reference number SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 ("SEBI ODR Circular") at the option of the parties. The proceedings shall be carried out in English. The arbitral award shall be treated as final and binding on the parties hereto.

Our Opinion is not intended to and does not constitute a recommendation to any party as to how such party should vote or act in connection with the Scheme or any matter related thereto.

IV. Conclusion

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, the Share Exchange Ratios, as proposed by the Valuers, is fair to the shareholders of RML from a financial point of view.


Very truly yours,


For Axis Capital Ltd.


Sumit Arora,
Executive Director, Axis Capital Limited



For Axis Capital Ltd.


Ashish Nigam,
Executive Director, Axis Capital Limited



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