ANNEXURE III

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

TELEPHONE : +91 79 29700466
: +91 79 48006782
EMAIL :sseahm@sseco.in
sseahm@hotmail.com
WEB : www.sseco.in

804, SAKAR-IX,
BESIDES OLD RBI,
ASHRAM ROAD,
AHMEDABAD-380 009

To,
The Board of Directors,
Renaissance Advanced Consultancy Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Advanced Consultancy Limited
Authorised Signatory

To,
The Board of Directors,
Renaissance Consultancy Services Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Consultancy Services Limited
Authorised Signatory

To,
The Board of Directors,
Renaissance Stocks Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Stocks Limited
Authorised Signatory

To,
The Board of Directors,
Revathi Equipment Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Revathi Equipment Limited
K.Maheswaran
Company Secretary

To,
The Board of Directors,
Semac Consultants Private Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Semac Consultants Private Limited
Authorised Signatory

To,
The Board of Directors,
Renaissance Corporate Consultants Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Corporate Consultants Limited
Authorised Signatory

Sub: Recommendation of Share entitlement ratio and Share Swap Ratio pursuant to the Draft scheme of Arrangement.

Dear Sir/ Madam,

In accordance with the engagement letter dated June 05, 2020, We, Sorab S Engineer and Co. ("SSECO"), in the capacity of Chartered Accountants to comply with SEBI guidelines, have been appointed for recommendation of Share Entitlement Ratio/Share Swap Ratio for the proposed Demerger/Mergers as part of Draft Scheme of Arrangement under the provisions of Section 230 to 232 read with Section 66 and other applicable clauses of Companies Act 2013 as on June 30, 2020 (hereinafter "Valuation Date").

In rendering the aforementioned advisory services, we has reviewed and relied upon various materials/information provided by the management of respective Companies (the "Management").The premise of value of this valuation assignment is "Going Concern"; and we have adopted the standard of value as "Fair Value".

For arriving at the Fair Exchange Ratio, we have adopted the Indian Valuation Standard prescribed by ICAI.
The report is based on information provided to us by the Management. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter.

Scope and Purpose of this report

Renaissance Advanced Consultancy Limited ("RACL") (CIN: U74140TZ2014PLC031048), is an entity incorporated on September 01, 2014 under Ministry of Corporate Affairs (MCA). Its registered office is in Coimbatore, Tamil Nadu. RACL is an unlisted Company limited by Shares having an Authorised Share Capital of Rs. 30,000,000 and Paid up Share Capital of Rs. 21,695,190. It is engaged primarily in the business of trading in commodities.

Renaissance Stocks Limited ("RSL") (CIN: U67120TZ2008PLC031180), is an entity incorporated on 18th December 2008 under Ministry of Corporate Affairs (MCA). Its registered office is in Coimbatore, Tamil Nadu. RSL is an unlisted Company limited by Shares having an Authorised Share Capital of Rs. 20,000,000 and Paid up Share Capital of Rs. 10,000,000. RSL is engaged in the business of Activities auxiliary to financial inter-mediation, except insurance and pension funding.

Revathi Equipment Limited ("REL") (CIN: L29120TZ1977PLC000780) was incorporated on May 30, 1977. It's authorized Share Capital stand at 3,50,00,000 and paid up share capital stands at 3,06,69,430. It is engaged in manufacturing of drills for purposes of mining, construction, water well, exploration, etc. The rigs are used extensively in mines such as coal, copper, gold, iron, zinc, phosphate, bauxite, lignite, limestone, etc. It is listed on BSE & NSE stock exchanges.

The products of the company have applications in the following sectors: -

1. Mining
2. Water Well, &
3. Exploratory

The type of drills offered comprises of Blast Hole Drills, Jackless Drills, Water Well Drills, Hydro-Fracturing Units, & Exploratory Drills. Other services offered include:

- Maintenance and repair contract (MARC)/AMC/FMC services
- Spares specific support
- After sale services

The major clientele of the company consists of Coal India (including its subsidiaries), Tata Iron and Steel Company Limited, Central Ground Water Board - NDMC, Gujarat Ambuja Cement & Ultratech.

Semac Consultants Private Limited ("SCPL") (CIN: U85110TZ1987PTC017564) was incorporated on January 16, 1987. It's authorized Share Capital stand at INR 2,00,00,000 and paid up share capital stands at INR 1,82,08,920.

It is engaged in architecture and engineering design. It was set-up in Bangalore in 1969. SCPL operates through its six offices spread across India and Middle East.

Further, SCPL offers the following services on a single window basis: -

1. Architecture
2. Civil & Structures
3. Electrical/IT Networking
4. Heating, Ventilation and Air Conditioning
5. Public Health Engineering
6. Fire Fighting Services
7. Project Management Consultants

SCPL has subsidiary in Sultanate of Oman named Semac & Partners LLC (Hereinafter "Semac-Muscat"). The company is engaged in the same business as SCPL. SCPL has 65% interest in Semac Muscat.

We understand that the management of the respective Companies is contemplating restructuring between the above-mentioned companies by way of proposed demerger and mergers on a going concern basis. We further understand from management of REL and the Draft scheme of arrangement that the scheme has been structured in the following steps:

- Demerger of Demerged Undertaking-1 (as defined under the draft Scheme of Arrangement) from RACL into Renaissance Consultancy Services Limited ("RCSL");

- Post demerger of Demerged Undertaking-1, merger of RACL and RSL into REL;

- Merger of SCPL into REL;

Renaissance Corporate Consultants Limited CBE-50

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

Revathi Equipment Ltd. CBE-50

Semac Consultants Private Limited Coimbatore

B

- Demerger of Demerged Undertaking-2 (as defined in Scheme of Arrangement) from REL into Renaissance Corporate Consultants Limited ("RCCL").

For this purpose, the management has requested us to submit a report recommending the Share Entitlement Ratio and Share Swap Ratio for the proposed Demerger and Mergers, respectively.

The scope for our service is:

Step 1: Recommendation of Equity Entitlement Ratio pursuant to the proposed demerger of Demerged Undertaking-1 (as defined in the draft Scheme of Arrangement) from RACL into RCSL
Step 2: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of RACL and RSL into REL
Step 3: Valuation of Revathi Equipment Limited ("REL")
Step 4: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of SCPL into REL
Step 5: Recommendation of Equity Shares Entitlement Ratio pursuant to the proposed demerger of Demerged Undertaking -2 (as defined in the draft Scheme of Arrangement) from REL into RCCL.

Our report is subject to the scope, limitations, assumptions, qualifications, exclusions and disclaimers detailed hereinafter. The report has to be read in totality, and not in parts, in conjunction with the relative documents referred to therein.

Sources of information

i) Draft scheme of arrangement

In respect of RACL & RSL:

i. Profile of RACL & RSL.

ii. Shareholding pattern of RACL & RSL as on June 26, 2020.

iii. Audited Financial Statements for the period ended September 30, 2019.

In respect of REL:

i. Audited annual financial statements of REL for the period FY17, FY 18 and FY 19.

ii. Profile of REL shared by the management of REL.

iii. Shareholding pattern as on June 26, 2020.

iv. Provisional financial statement for the period ending March 31, 2020 & June 30, 2020.

v. Projected Financial Statements of the REL from FY 21 to FY 26.

vi. Contingent liability position as on the date of valuation.

vii. Data extracted from publicly available sources believed to be reliable and true (NSE & BSE India)

viii. Discussions with the Management, and other quantitative and qualitative data.

ix. Management Representation Letter dated June 29, 2020.

In respect of SCPL:

i. Audited financial statements of SCPL & Semac-Muscat for the period FY17, FY 18 and FY 19.

ii. Profile of SCPL & Semac-Muscat shared by their respective management.

iii. Shareholding pattern as on June 26, 2020.

iv. Provisional financial statement of SCPL & Semac-Muscat for the period ending March 31, 2020 & June 30, 2020.

v. Projected financial statements of SCPL & Semac-Muscat from FY 21 to FY 26.

vi. Contingent liability position as on the date of valuation.

B

vii. Data extracted from publicly available sources believed to be reliable and true (Relevant Company Website, Damodaran, NSE & BSE India).

viii. Discussions with the Management of SCPL, and other quantitative and qualitative data shared orally or in writing.

ix. Management Representation Letter dated June 29, 2020.

In respect of RCSL & RCCL:

Shareholding pattern as on June 26, 2020

Approaches to Valuation Engagement and Valuation Methods Followed

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

Analyzing the Draft Scheme of Arrangement.

Discussion with management of REL and SCPL:
Understand the revenue model and historical financial performance of REL, SCPL and Semac-Muscat;
Enquire about business plans and future performance estimate;

Undertook Industry Analysis:
Research publicly available market including economic factors and industry trends data that may impact the valuation;
Other publicly available information;

Analysis of information;

Selection of appropriate internationally accepted valuation methodology after deliberations;

Arriving at share entitlement ratio and share swap ratio.

Scope, Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

Our report is subject to the limitations detailed hereinafter. This report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

The scope of the assignment does not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered. We do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of report. Any updates or second opinion on this valuation report cannot be sought by the company from external agencies without prior our written permission.

Further, this valuation report is based on the extant regulatory environment and the business/market conditions, which are dynamic in nature and may change in future, thereby impacting the companies & its value. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially.

Valuation is not a precise science; and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no indisputable single value. While an assessment of the value has been provided based on an analysis of information available to us and within the scope of this engagement, others may place a different value on the businesses. However, the values derived by the other should fall within an acceptable range. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved or a particular event will occur or that a particular price will be offered or accepted.

The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. Our work did not constitute a validation of the financial projections of the company under consideration and accordingly, we do not express any opinion on the same. Further, while we have discussed the assumptions and projections with the management, reliance on them for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.

The determination of share entitlement ratio and share swap ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed share entitlement ratio and share swap ratio. While we have provided our recommendation of share entitlement ratio and share swap ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final response will be for the determination of the share entitlement ratio and share swap ratio at which the proposed demergers and mergers shall take place will be with the board of directors of the respective companies who should take into account other factors such as their own assessment of proposed demergers and mergers and input of other advisors.

This report is based on information received from sources mentioned herein and discussions with management. This information has not been independently verified by us.

We have assumed that the Company has furnished to former all information, which it is aware of concerning the financial statements and respective liabilities, which may have an impact on the report.

For the present valuation exercise, We have also relied upon information available in the databases, public domain and BSE & NSE website; however, the accuracy and timeliness of the same has not been independently verified by him.

Whilst all reasonable care has been taken to ensure that facts stated in the report are accurate and opinions given are fair and reasonable; we shall not in any way be held responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report.

In the particular circumstances of this case, Our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, irrespective of however the loss or damage is caused, shall be limited to the amount of fees actually received by us from REL as laid out in the engagement letter, for such valuation work. Neither we nor our team have any pecuniary relationship with the client companies as on the date of opinion. Further We and our employees do not hold any share / Securities in the companies.

We assume no responsibility for legal matters including interpretations of either the law or contracts. We have made no investigation of legal title and has assumed that all owners' claims to property are valid. We have given no consideration to liens or encumbrances except as specifically stated in financial statements provided to us. We have assumed that all required licenses, permits, etc. are in full force and effect. assumes that all applicable central, state, local zoning, environmental and similar laws and regulations have and continue to be complied with by Client. We assume no responsibility for the acceptability of the valuation approaches used in report as legal evidence in any particular court or jurisdiction.

We, by reason of performing this valuation and preparing the valuation report, are neither required to give expert testimony nor attend in court or any government, professional or regulatory hearing with reference to matters contained herein, unless prior written arrangements have been made with us regarding such additional engagement.

The management has provided with the estimation of the future financial performance for the period July 01, 2020 to March 31, 2026 for the purposes of this engagement.

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

Shareholding Pattern (Existing) for the Companies forming part of Draft scheme of arrangement under section 230 to 232 read with Section 66 and the other applicable provisions of the Companies Act, 2013

RACL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	19,12,031	88.13
2	Public	2,57,488	11.87
	Total	21,69,519	

RSL: RSL is wholly owned subsidiary by RACL

RCSL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	1,000	100.00
2	Others	-	-
	Total	1,000	

REL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	22,25,953	72.58
2	Public	8,40,990	27.42
	Total	30,66,943	

SCPL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	15,40,162	84.58
2	Public	2,80,730	15.42
	Total	18,20,892	

Semac Muscat as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Semac Consultants Private Limited	1,62,501	65.00
2	IBN Khadun Al Madaen Engineering Consultants	87,500	35.00
	Total	2,50,001	

RCCL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	1,000	100.00
2	Others	-	-
	Total	1,000	

Source: Management information

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

Step 1: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 1 from RACL into RCSL

As per the Draft scheme of arrangement, the management of RACL is contemplating to demerge Demerged Undertaking 1 from RACL into RCSL. As a consideration of the demerger of Demerged Undertaking 1 into RCSL, equity shareholders of RACL will be entitled to equity shares of RCSL in the same proportion in which they own shares in RACL.

B

Upon demerger of Demerged Undertaking 1, the shareholding pattern of RCSL will mirror the shareholding of RACL. Thus, the economic and beneficial interest of the shareholders of RACL shall remain same. Therefore, determination of share entitlement ratio and a detailed valuation of the companies to determine the share entitlement ratio would not be relevant in the present case. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	RACL (Demerged Undertaking 1)		RCSL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

**NA - Not Adopted*

Based on the above discussion, the following share entitlement ratio for demerger of Demerged Undertaking 1 into RCSL would be fair and reasonable:

"1 equity share of Rs. 10 each, fully paid up of RCSL to be issued for every 1 equity share of Rs. 10 each held by the shareholders of RACL"

Step 2: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of RSL & RACL into Revathi Equipment Limited ("REL")

Merger of RSL into REL

RSL holds 4,57,000 equity shares in REL. As per the draft Scheme of Arrangement, upon merger of RSL into REL, the shareholders of RSL would be entitled to same number of equity shares of REL which RSL owns in REL on Effective Date of the Scheme of Arrangement. Pursuant to merger, there would be no change in the paid-up share capital of REL. In other words, the merger is precisely cancellation of shares held by RSL in REL (as listed entity cannot hold its own shares) and reissue of same number of equity shares of REL to the shareholders of RSL without increasing promoter shareholding or affecting the interest of other shareholders and accordingly, valuation as per ICDR guidelines is not applicable. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	RSL Value per share (INR)	Weight (%)	REL Value per share INR	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

**NA - Not Adopted*

Based on the aforesaid discussion, the following proposed Share Swap Ratio is fair to shareholders of RSL and shareholders of REL:

"4,57,000 equity shares of Rs. 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RSL in proportion of their shareholding in RSL."

Since RSL is a wholly owned subsidiary of RACL, upon Proposed Merger, shares of REL will be issued to RACL.

Merger of RACL into REL

Post demerger of Demerged Undertaking 1 from RACL into RCSL and merger of RSL into REL, RACL will hold 22,25,953 equity shares of REL. As per the draft Scheme of Arrangement, upon merger of RACL into REL, the shareholders of RACL would be entitled to same number of equity shares of REL which RACL owns in REL on Effective Date of the Scheme of Arrangement. Pursuant to merger, there would be no change in the paid-up share capital of REL. In other words, the merger is precisely cancellation of shares held by RACL in REL (as listed entity cannot hold its own shares) and reissue of same number of equity shares to the shareholders of RACL without increasing promoter shareholding or affecting the interest of other shareholders and accordingly, valuation as per ICDR guidelines is not applicable. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	RACL		REL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

**NA - Not Adopted*

Based on the aforesaid discussion, the following proposed Share Swap Ratio is fair to shareholders of RACL and shareholders of REL:

"22,25,953 equity shares of Rs. 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RACL in proportion of their shareholding in RACL."

Step 3: Valuation of Revathi Equipment Limited (REL)

Industry Analysis

Growth Driving Factors: Mining & Metals Industry

India is home to 1,531 operating mines and produces 95 minerals - 4 fuel-related minerals, 10 metallic minerals, 23 non-metallic minerals, 3 atomic minerals and 55 minor minerals. India is the 2nd largest producer of coal. Coal production grew at CAGR of 4.6% over FY14-FY19 (to 730.35 MT) and is expected to grow 6-7% Y-o-Y over FY 20, as the main aim of the miners is to focus on the surface mining of coal. Coal's share in India's primary energy consumption is expected to be 48% in 2040. During April 2000-June 2019, FDI inflows in the mining and coal production sectors stood at US$ 2,651.57 million and US$ 27.73 million, respectively. India ranks fourth in terms of iron ore production globally. Production of iron ore in FY19 (up to Feb 19) stood at 187.60 million tonnes. India has around 8 per cent of world's deposits of iron ore. India is the 2nd largest crude steel producer in the world, generating an output of 106.5 MT in 2018, a growth of 3.7% Y-o-Y. India's steel consumption rose 7.5% Y-o-Y and 7.9% Y-o-Y over the last 2 years, outpacing a 2.1% to 5% growth globally.

According to Ministry of Mines, India has the 7th largest bauxite reserves- around 2,908.85 million tonnes in FY18. Aluminium production stood at 2.25 MT in FY19 (up to February 2019) and is forecasted to grow to 3.33 million tonnes in FY20.

Power and cement industries are also aiding growth in the metals and mining sector. Demand for iron and steel is set to continue, given the strong growth expectations for the residential and commercial building industry. India's iron and steel export during between April-September 2019 stood at US$ 4.67 billion.

Government Initiatives

Under the Mines and Minerals (Development and Regulation) Act of 1957, FDI up to 100 per cent under Automatic route is allowed for the mining and exploration of metal and non- metal ores including diamond, gold, silver and precious ores, while FDI up to 100 per cent under Government route is allowed in for mining and mineral separation of titanium bearing minerals and its ores.

The Government of India is taking steps boost the country's domestic steel sector and raise its capacity to 300 million tonnes (MT) by 2030-31.

Future Prospects

Coal may account for half of India's power generation in 2030. It is expected to grow at 6-7% Y-o-Y over FY 20. Coal's share in India's primary energy consumption is expected to be 48% in 2040.

There is significant scope for new mining capacities in iron ore, bauxite and coal and considerable opportunities for future discoveries of sub- surface deposits.

Infrastructure projects continue to provide lucrative business opportunities for steel, zinc and aluminium producers. Aluminium production is forecasted to grow to 3.33 million metric tonnes by FY20.

Renaissance Advanced Consultancy Limited Coimbatore
Renaissance Consultancy Services Limited Coimbatore
Renaissance Stocks Limited Coimbatore
REVATHI EQUIPMENT LTD. CBE-50.
Semac Consultants Private Limited Coimbatore
Renaissance Corporate Consultants Limited CBE-50

Source: IBEF, investindia.gov.in

Drilling Tools,

Drivers of industry

The market growth for drilling tools is mainly driven by increasing drilling activities as well as the development of unconventional hydrocarbon resources (shale gas, tight oil, tight gas, coalbed methane, and gas hydrates). Another factor driving the demand for drilling tools is the increasing energy demand in Asia Pacific and growing oil & gas production in oil-importing countries to reduce trade deficits.

Energy demand of India is anticipated to grow faster than energy demand of all major economies. Consequently, India's energy demand as a percentage of global energy demand is expected to rise to 11 per cent in 2040 from 5.58 per cent in 2017. Even though focus on renewable energy is increasing, rise in energy demand is so much that the growth of non-renewable sources is predicted for the foreseeable future.

Energy demand met by non-renewable resources (including coal), by realistic estimates of the IEA, is supposed to increase till 2030 and subsequently flatten out. As a result, the demand for drilling tools, may also follow a similar trajectory.

Future prospects

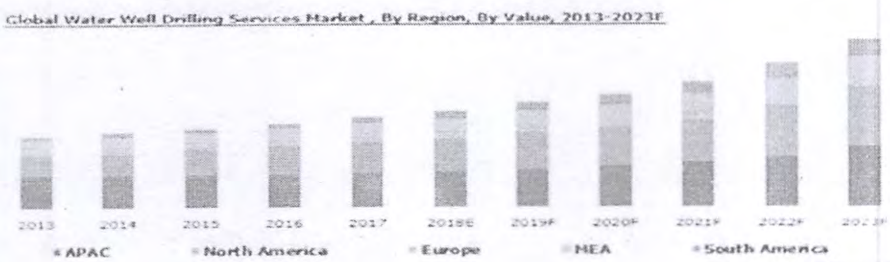
The growth of the market can be attributed to the increasing drilled footage and development of deepwater oil & gas blocks in countries such as Brazil and Mexico. Asia Pacific is projected to dominate the global drilling tool market during the forecast period due to the increase in drilling activities in China. REL, however, has not tapped into the Chinese market. Though, it aims to try and enter the Africa and Middle East market. The other key markets in Asia Pacific are India, Australia, and Indonesia. There is scope for new mining capacities in iron ore, bauxite and coal and also opportunities for future discoveries of sub- surface deposits.

Source: IBEF, marketsandmarkets, business insider

Water Well Drilling Rigs

Global Water Well Drilling Services Market is projected to grow at a strong CAGR during the forecast period. Drilling services include design, planning, operations, and performance optimization. Growing demand for water well drilling equipment is increasing demand for Water Well Drilling services in the well-established and emerging regions. Moreover, current technological advancements and the growing infiltration of the end-use industries further anticipated to drive the demand for Water Well Drilling Services Market during the forecast period. Based on region, the APAC region dominated the market in 2017 and is anticipated to maintain its dominance over the next five years as well owing to growing population, growing demand for water and growing industrialization.

According to this study, over the next five years the Water Well Drilling market will register a 2.9% CAGR in terms of revenue, the global market size will reach US$ 5040 million by 2024, from US$ 4260 million in 2019.



Source: https://www.techsciresearch.com/

https://prnewsglobe.com/2019/03/29

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

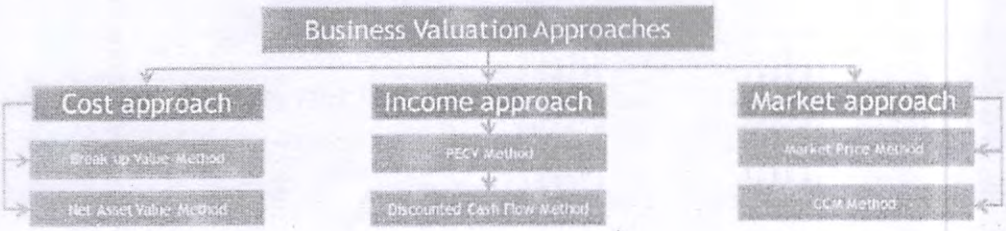
B. Valuation Opinion

Procedures/Methodology

The procedures used in our analysis included such substantive steps, as considered necessary under the circumstances, including, but not necessarily limited to the following:

- Considering the projected statements of profitability and cash flow of the Company, including significant underlying assumptions, which the management of company believes to be their best estimate as to the future operating results and cash flow of the Company (management projections).
- Discussions with the management to understand the historical and expected future performance, key value drivers, competitive scenarios and regulatory aspects affecting the operations of company.
- Discussions and correspondences with the management on which we have relied.
- Such other analysis and inquiries, as considered necessary.
- The valuation exercise involves selecting an approach suitable for the purpose of valuation. Selection of an approach involves exercise of judgment by the valuer based on the facts and circumstances as applicable to the business of the company to be valued.
- There are three generally accepted approaches to valuation:

1. "Cost" approach
2. "Income" approach
3. "Market" approach



Approaches & methods used for the purpose of this valuation is presented below: -

In respect of REL, SCPL & Semac Muscat:

a) <u>Cost Approach - Adjusted Net Asset Value Method</u>

The Net Asset Value ("NAV") method under cost approach, considers the assets and liabilities, including intangible assets and contingent liabilities. The net assets, is thereafter adjusted for the fair value of investments, surplus tangible asset and reducing the dues to preference shareholders, if any, represent the value of the company. NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.

Since all the entities are going concern, we have not applied this approach.

b) <u>Income Approach - Discounted Cash Flow Method (DCF Method)</u>

Under the DCF method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows. Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. The value of the undertaking is determined as the present value of its future free cash flows. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

B

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

Discount rate is the Weighted Average Cost of Capital ("WACC"), based on an optimal vis-à-vis actual capital structure. It is the appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the explicit forecast period. The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

In the current valuation exercise, we have considered future profitability projections of REL, SCPL & Semac Muscat from July 01, 2020 to March 31, 2026 as provided by the management. The explicit period has been considered from July 01, 2020 to March 31, 2026. The value so derived has been adjusted for cash, surplus assets, investments, debt, other quasi-debt like items, and contingent liabilities to derive equity value of REL, SCPL & Semac Muscat.

It may be noted that since REL, SCPL & Semac Muscat business is related to drilling, design & construction activity, the current prevailing business sentiments in the sector on account of COVID-19 may have some impact on business operations of the companies in near and short term. We have accordingly factored risk on account of the current prevailing situation in their DCF analysis.

Market Approach - Comparable Company Multiple Method

Stock Exchange Quotation/Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

This valuation reflects the price that the market at a point in time is prepared to pay for the equity shares. It is therefore influenced by the condition of the stock market, the concerns and opportunities that are seen for the business in the sector or market in which it operates. The market price also reflects the investors view of the ability of the management to deliver the return on the capital it is using. In the case of companies not frequently traded, this value may be very different from the inherent value of the equity shares, but nevertheless forms a benchmark value.

We have further analysed that the shares of REL were not frequently traded on BSE and whereas, were being frequently traded in NSE in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [last amended on September 11, 2018].Accordingly, the minimum price has been determined based on the pricing formula prescribed under Chapter V of SEBI (Issue of Capital and Disclosure Requirements). The Relevant date for the purpose of calculation has been assumed to be June 30, 2020.

Other than REL, SCPL & Semac Muscat are not listed on any stock exchange, hence this approach has not been considered in case of SCPL & Semac Muscat.

i. Comparable Company Method

Under this method, value of equity shares of a company is arrived at by using multiples derived from the valuations of comparable companies, as manifested through market valuations of listed companies. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Under the current prevailing scenario, the markets are quite volatile and, in our view, it will not be appropriate to use Comparable Company Multiple approach to value REL, SCPL & Semac Muscat. Further, there are no appropriate listed comparable in the same business as that of REL.

Conclusion of Value

Valuation of REL

The basis of the valuation of REL have been determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived under each of the above methods, for the purposes of recommending the equity share value, it is necessary to arrive at final value. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/method. The equity values so arrived are based on various approaches/methods explained herein earlier along with various qualitative factors relevant to the company, business dynamics and growth potentials of the business of REL having regard to the information base, key underlying assumptions and limitations.

We have considered Discounted Cash Flow Method and Market Price Method to arrive at the fair value of equity shares of REL in keeping with the applicability of methodology discussed in the Procedures/ Methodology.

Attention may also draw to Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulation') which specifies that preferential issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said ICDR Regulation. Further, it may be noted that ICDR Regulation 164 specifies the base price for issue of shares on a preferential basis. In the proposed amalgamation unlisted entity i.e. SCPL is amalgamating with REL, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulation after considering the fair value of REL while determining the swap ratio

We have independently applied methods discussed above, as considered appropriate, fair value of equity shares of Revathi Equipment Limited on a going-concern basis as on June 30, 2020 is INR 692.5 per equity share.

2. **Valuation of SCPL & Semac Muscat**

The basis of the valuation of SCPL & Semac Muscat has been determined after taking into consideration all the factors and methods mentioned hereinabove. The equity values so arrived are based on various approaches/methods explained herein earlier along with various qualitative factors relevant to the company, business dynamics and growth potentials of the business of SCPL & Semac Muscat having regard to the information base, key underlying assumptions and limitations.

We have considered Discounted Cash Flow Method to arrive at the fair value of equity shares of both the entities in keeping with the applicability of methodology discussed in the Procedures/ Methodology.

We have independently applied methods discussed above, as considered appropriate, fair value of equity shares of SCPL on a going-concern basis as on June 30, 2020 is INR 420.3 per equity share which includes fair value of its subsidiary based on its holding.

Step 4: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of Semac Consultants Pvt Limited (SCPL) with REL

Computation of Exchange Ratio:

For each fully paid equity share having face value of INR 10 each held in SCPL, issue of 0.61 fully paid equity share of face value amounting to INR 10 in REL, for the purpose of merger of SCPL into REL. Further, as per information provided to us, 84.58% (approx.) of equity shares of SCPL are held by REL, therefore the shares are only to be issued to the minority shareholders.

Valuation Approach	REL		SCPL	
	Value per share (INR)	Weight (%)	Value per share INR	Weight (%)
Asset Approach	NA		NA	
Market Approach(Note 1)	396.2	40%	NA	
Income Approach (Note 2)	890.0	60%	420.3	100%
Relative Value per share (a)	692.5		420.3	
Value per share based on ICDR pricing (b)	396.2		NA	
Relative value per share for the purpose of exchange ratio (max (a) or (b))	692.5		420.3	
Fair Equity Share Exchange Ratio (Rounded off)	0.61			

NA - Not Adopted

Coimbatore Coimbatore Coimbatore CBE-50 Coimbatore CBE-50

Notes:
1. Since shares of SCPL are not listed on any stock exchange, therefore Market Price Method under Market Approach is not considered.
2. DCF method under Income Approach has been used to value both the companies respectively

Based on the above discussion, we recommend the following share swap ratio for the purpose of merger of SCPL with REL: "0.61 equity share of Rs. 10 each, fully paid up of REL to be issued for every 1 equity share of Rs. 10 each held by the shareholders of SCPL as on record date."

Fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of REL and SCPL based on the approaches explained herein earlier and various qualitative factors relevant to the companies and the business dynamics and growth potential of the businesses, having regard to information base, management representation and perceptions, key underlying assumptions and limitations

Step 5: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking - 2 from REL into RCCL.

A. **Computation of Equity Share Exchange Ratio:**

As per the Draft scheme of arrangement, the management of REL is contemplating to demerge Demerged Undertaking - 2 from REL into RCCL. As a consideration of the demerger of Demerged Undertaking 2 into RCCL, equity shareholders of REL will be entitled to equity shares of RCCL in the same proportion in which they own shares in REL.

Upon demerger of Demerged Undertaking 2, the shareholding pattern of RCCL will mirror the shareholding of REL. Thus, the economic and beneficial interest of the shareholders of REL shall remain same. Therefore, determination of share entitlement ratio and a detailed valuation of the companies to determine the share entitlement ratio would not be relevant in the present case. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	REL (Demerged Undertaking 2)		RCCL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

**NA - Not Adopted*

Based on the above discussion, the following share entitlement ratio for demerger of Demerged Undertaking 2 into RCCL would be fair and reasonable:

"1 equity share of Rs. 10 each, fully paid up of RCCL to be issued for every 1 equity share of Rs. 10 each held by the shareholders of REL."

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

Conclusion

Reference	Description	Value/Exchange Ratio
Step 1	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 1 from RACL into RCSL	1:1
Step 2	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of RSL & RACL into REL	"4,57,000 equity shares of Rs. 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RSL in proportion of their shareholding in RSL." "22,25,953 equity shares of Rs. 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RACL in proportion of their shareholding in RACL."
Step 3	Computation of Equity Value Per Share of REL	INR 692.5
	Computation of Equity Value Per Share of SCPL	INR 420.3
Step 4	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of SCPL with REL	0.61:1
Step 5	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking - 2 into RCCL.	1:1

It may be pertinent to note that the impact of Covid-19 on business and economy cannot be estimated definitively. Accordingly, the expected market conditions as on valuation date may perhaps change in future and this may or may not have an impact our value conclusion and hence the share entitlement/share swap ratios.

We have no present or contemplated financial interest in any of the above discussed entities. Our fees for this valuation is in no way contingent upon the value. We have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report. This report is not to be copied or made available to any persons without our express written consent.

For Sorab S. Engineer & Co.
Firm Registration No. 110417W
Chartered Accountants

CA. Bhavik K. Doshi
Partner
Membership No. 133858

Ahmedabad
30th June 2020
UDIN 20133858AAAADX8753

SORAB S. ENGINEER & CO. FIRM REG. No. 110417W AHMEDABAD CHARTERED ACCOUNTANTS

For Renaissance Advanced Consultancy Limited

Authorised Signatory

For Renaissance Consultancy Services Limited

Authorised Signatory

For Renaissance Stocks Limited

Authorised Signatory

For Revathi Equipment Limited

K.Maheswaran
Company Secretary

For Semac Consultants Private Limited

Authorised Signatory

For Renaissance Corporate Consultants Limited

Authorised Signatory

CA Vijay Deep Singh
(Registered Valuer)
Regd. Address: 1283, Sector 29, NOIDA - 201301
IBBI Registration No: IBBI/RV/06/2018/10139
RVO Membership No: ICAIRVO/06/RV-P00027/2018-19
E-mail: singh_vijaydeep@yahoo.co.in
Ph: 9811210614

Date: 30th June 2020

To,
The Board of Directors,
Renaissance Advanced Consultancy Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Advanced Consultancy Limited
Authorised Signatory

To,
The Board of Directors,
Renaissance Consultancy Services Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Consultancy Services Limited
Authorised Signatory

For Semac Consultants Private Limited
Authorised Signatory

To,
The Board of Directors,
Renaissance Stocks Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Stocks Limited
Authorised Signatory

To,
The Board of Directors,
Revathi Equipment Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Revathi Equipment Limited
K.Maheswaran
Company Secretary

To,
The Board of Directors,
Semac Consultants Private Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

For Renaissance Corporate Consultants Limited
Authorised Signatory

To,
The Board of Directors,
Renaissance Corporate Consultants Limited,
Pollachi Road, Malumichampatti P.O,
Coimbatore - 641021

Sub: Recommendation of Share entitlement ratio and Share Swap Ratio pursuant to the Draft scheme of Arrangement.

Dear Sir/ Madam,

In accordance with the engagement letter dated June 05, 2020, I, Vijay Deep Singh ("RV"; "Registered Valuer"), have been appointed for recommendation of Share Entitlement Ratio/Share Swap Ratio for the proposed Demerger/Mergers as part of Draft Scheme of Arrangement under the provisions of Section 230 to 232 read with Section 66 and other applicable clauses of Companies Act 2013 as on June 30, 2020 (hereinafter "Valuation Date").

In rendering the aforementioned advisory services, RV has reviewed and relied upon various materials/information provided by the management of respective Companies (the "Management").The premise of value of this valuation assignment is "Going Concern"; and we have adopted the standard of value as "Fair Value".

For arriving at the Fair Exchange Ratio, we have adopted the Indian Valuation Standard prescribed by ICAI.

The report is based on information provided to RV by the Management. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter.

CA VIJAY DEEP SINGH
NEW DELHI
REGISTERED VALUER

Scope and Purpose of this report

Renaissance Advanced Consultancy Limited ("RACL") (CIN: U74140TZ2014PLC031048), is an entity incorporated on September 01, 2014 under Ministry of Corporate Affairs (MCA). Its registered office is in Coimbatore, Tamil Nadu. RACL is an unlisted Company limited by Shares having an Authorised Share Capital of Rs. 30,000,000 and Paid up Share Capital of Rs. 21,695,190. It is engaged primarily in the business of trading in commodities.

Renaissance Stocks Limited ("RSL") (CIN: U67120TZ2008PLC031180), is an entity incorporated on 18th December 2008 under Ministry of Corporate Affairs (MCA). Its registered office is in Coimbatore, Tamil Nadu. RSL is an unlisted Company limited by Shares having an Authorised Share Capital of Rs. 20,000,000 and Paid up Share Capital of Rs. 10,000,000. RSL is engaged in the business of Activities auxiliary to financial inter-mediation, except insurance and pension funding.

Revathi Equipment Limited ("REL") (CIN: L29120TZ1977PLC000780) was incorporated on May 30, 1977. It's authorized Share Capital stand at 3,50,00,000 and paid up share capital stands at 3,06,69,430. It is engaged in manufacturing of drills for purposes of mining, construction, water well, exploration, etc. The rigs are used extensively in mines such as coal, copper, gold, iron, zinc, phosphate, bauxite, lignite, limestone, etc. It is listed on BSE & NSE stock exchanges.

The products of the company have applications in the following sectors: -

1. Mining
2. Water Well, &
3. Exploratory

The type of drills offered comprises of Blast Hole Drills, Jackless Drills, Water Well Drills, Hydro-Fracturing Units, & Exploratory Drills. Other services offered include:

- Maintenance and repair contract (MARC)/AMC/FMC services
- Spares specific support
- After sale services

The major clientele of the company consists of Coal India (including its subsidiaries), Tata Iron and Steel Company Limited, Central Ground Water Board - NDMC, Gujarat Ambuja Cement & Ultratech.

Semac Consultants Private Limited ("SCPL") (CIN: U85110TZ1987PTC017564) was incorporated on January 16, 1987. It's authorized Share Capital stand at INR 2,00,00,000 and paid up share capital stands at INR 1,82,08,920.

It is engaged in architecture and engineering design. It was set-up in Bangalore in 1969. SCPL operates through its six offices spread across India and Middle East.

Further, SCPL offers the following services on a single window basis: -

1. Architecture
2. Civil & Structures
3. Electrical/IT Networking
4. Heating, Ventilation and Air Conditioning
5. Public Health Engineering
6. Fire Fighting Services
7. Project Management Consultants

SCPL has subsidiary in Sultanate of Oman named Semac & Partners LLC (Hereinafter "Semac-Muscat"). The company is engaged in the same business as SCPL. SCPL has 65% interest in Semac Muscat.

RV understands that the management of the respective Companies is contemplating restructuring between the above-mentioned companies by way of proposed demerger and mergers on a going concern basis. RV further understands from management of REL and the Draft scheme of arrangement that the scheme has been structured in the following steps:

- Demerger of Demerged Undertaking-1 (as defined under the draft Scheme of Arrangement) from RACL into Renaissance Consultancy Services Limited ("RCSL");
- Post demerger of Demerged Undertaking-1, merger of RACL and RSL into REL;
- Merger of SCPL into REL;
- Demerger of Demerged Undertaking-2 (as defined in Scheme of Arrangement) from REL into Renaissance Corporate Consultants Limited ("RCCL").

CA VIJAY DEEP SINGH NEW DELHI REGISTERED VALUER

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

For this purpose, the management has requested RV to submit a report recommending the Share Entitlement Ratio and Share Swap Ratio for the proposed Demerger and Mergers, respectively.

The scope for RV's service is:

- **Step 1:** Recommendation of Equity Entitlement Ratio pursuant to the proposed demerger of Demerged Undertaking-1 (as defined in the draft Scheme of Arrangement) from RACL into RCSL
- **Step 2:** Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of RACL and RSL into REL
- **Step 3:** Valuation of Revathi Equipment Limited ("REL")
- **Step 4:** Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of SCPL into REL
- **Step 5:** Recommendation of Equity Shares Entitlement Ratio pursuant to the proposed demerger of Demerged Undertaking -2 (as defined in the draft Scheme of Arrangement) from REL into RCCL.

RV's report is subject to the scope, limitations, assumptions, qualifications, exclusions and disclaimers detailed hereinafter. The report has to be read in totality, and not in parts, in conjunction with the relative documents referred to therein.

Sources of information

a) Draft scheme of arrangement

In respect of RACL & RSL:

i. Profile of RACL & RSL.

ii. Shareholding pattern of RACL & RSL as on June 26, 2020.

iii. Audited Financial Statements for the period ended September 30, 2019.

In respect of REL:

i. Audited annual financial statements of REL for the period FY17, FY 18 and FY 19.

ii. Profile of REL shared by the management of REL.

iii. Shareholding pattern as on June 26, 2020.

iv. Provisional financial statement for the period ending March 31, 2020 & June 30, 2020.

v. Projected Financial Statements of the REL from FY 21 to FY 26.

vi. Contingent liability position as on the date of valuation.

vii. Data extracted from publicly available sources believed to be reliable and true (NSE & BSE India)

viii. Discussions with the Management, and other quantitative and qualitative data.

ix. Management Representation Letter dated June 29, 2020.

In respect of SCPL:

i. Audited financial statements of SCPL & Semac-Muscat for the period FY17, FY 18 and FY 19.

ii. Profile of SCPL & Semac-Muscat shared by their respective management.

iii. Shareholding pattern as on June 26, 2020.

iv. Provisional financial statement of SCPL & Semac-Muscat for the period ending March 31, 2020 & June 30, 2020.

v. Projected financial statements of SCPL & Semac-Muscat from FY 21 to FY 26.

vi. Contingent liability position as on the date of valuation.

vii. Data extracted from publicly available sources believed to be reliable and true (Relevant Company Website, Damodaran, NSE & BSE India).

viii. Discussions with the Management of SCPL, and other quantitative and qualitative data shared orally or in writing.

ix. Management Representation Letter dated June 29, 2020.

In respect of RCSL & RCCL:

Shareholding pattern as on June 26, 2020

Approaches to Valuation Engagement and Valuation Methods Followed

In connection with this exercise, RV has adopted the following procedures to carry out the valuation:

- Analyzing the Draft Scheme of Arrangement.
- Discussion with management of REL and SCPL:
    - Understand the revenue model and historical financial performance of REL, SCPL and Semac-Muscat;
    - Enquire about business plans and future performance estimate;
- Undertook Industry Analysis:
    - Research publicly available market including economic factors and industry trends data that may impact the valuation;
    - Other publicly available information;
- Analysis of information;
- Selection of appropriate internationally accepted valuation methodology after deliberations;
- Arriving at share entitlement ratio and share swap ratio.

Scope, Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

RV's report is subject to the limitations detailed hereinafter. This report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

The scope of the assignment does not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered. RV does not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of report. Any updates or second opinion on this valuation report cannot be sought by the company from external agencies without prior written permission of RV.

Further, this valuation report is based on the extant regulatory environment and the business/market conditions, which are dynamic in nature and may change in future, thereby impacting the companies & its value. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially.

Valuation is not a precise science; and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no indisputable single value. While an assessment of the value has been provided based on an analysis of information available to RV and within the scope of this engagement, others may place a different value on the businesses. However, the values derived by the other should fall within an acceptable range.
Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved or a particular event will occur or that a particular price will be offered or accepted.

The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. RV's work did not constitute a validation of the financial projections of the company under consideration and accordingly, RV does not express any opinion on the same. Further,

CA VIJAY KUMAR SINGH REGISTERED VALUER NEW DELHI NCR

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

vii. Data extracted from publicly available sources believed to be reliable and true (Relevant Company Website, Damodaran, NSE & BSE India).

viii. Discussions with the Management of SCPL, and other quantitative and qualitative data shared orally or in writing.

ix. Management Representation Letter dated June 29, 2020.

In respect of RCSL & RCCL:

Shareholding pattern as on June 26, 2020

Approaches to Valuation Engagement and Valuation Methods Followed

In connection with this exercise, RV has adopted the following procedures to carry out the valuation:

- Analyzing the Draft Scheme of Arrangement.
- Discussion with management of REL and SCPL:
  - Understand the revenue model and historical financial performance of REL, SCPL and Semac-Muscat;
  - Enquire about business plans and future performance estimate;
- Undertook Industry Analysis:
  - Research publicly available market including economic factors and industry trends data that may impact the valuation;
  - Other publicly available information;
- Analysis of information;
- Selection of appropriate internationally accepted valuation methodology after deliberations;
- Arriving at share entitlement ratio and share swap ratio.

Scope, Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

RV's report is subject to the limitations detailed hereinafter. This report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

The scope of the assignment does not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered. RV does not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of report. Any updates or second opinion on this valuation report cannot be sought by the company from external agencies without prior written permission of RV.

Further, this valuation report is based on the extant regulatory environment and the business/market conditions, which are dynamic in nature and may change in future, thereby impacting the companies & its value. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially.

Valuation is not a precise science; and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no indisputable single value. While an assessment of the value has been provided based on an analysis of information available to RV and within the scope of this engagement, others may place a different value on the businesses. However, the values derived by the other should fall within an acceptable range.
Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved or a particular event will occur or that a particular price will be offered or accepted.

The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. RV's work did not constitute a validation of the financial projections of the company under consideration and accordingly, RV does not express any opinion on the same. Further, while RV has discussed the assumptions and projections with the management, reliance on them for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.

The determination of share entitlement ratio and share swap ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed share entitlement ratio and share swap ratio. While RV has provided his recommendation of share entitlement ratio and share swap ratio based on the information available to RV and within the scope of our engagement, others may have a different opinion. The final response will be for the determination of the share entitlement ratio and share swap ratio at which the proposed demergers and mergers shall take place will be with the board of directors of the respective companies who should take into account other factors such as their own assessment of proposed demergers and mergers and input of other advisors.

This report is based on information received from sources mentioned herein and discussions with management. This information has not been independently verified by RV.

RV has assumed that the Company has furnished to former all information, which it is aware of concerning the financial statements and respective liabilities, which may have an impact on the report.

For the present valuation exercise, RV has also relied upon information available in the databases, public domain and BSE & NSE website; however, the accuracy and timeliness of the same has not been independently verified by him.

Whilst all reasonable care has been taken to ensure that facts stated in the report are accurate and opinions given are fair and reasonable; RV shall not in any way be held responsible for the contents stated herein. Accordingly, RV makes no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. RV expressly disclaim any and all liabilities, which may arise based upon the information used in this report.

In the particular circumstances of this case, RV's liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, irrespective of however the loss or damage is caused, shall be limited to the amount of fees actually received by him from REL as laid out in the engagement letter, for such valuation work. Neither RV nor its team have any pecuniary relationship with the client companies as on the date of opinion. Further RV and its employees do not hold any share / Securities in the companies.

RV assumes no responsibility for legal matters including interpretations of either the law or contracts. RV has made no investigation of legal title and has assumed that all owners' claims to property are valid. RV has given no consideration to liens or encumbrances except as specifically stated in financial statements provided to RV. RV has assumed that all required licenses, permits, etc. are in full force and effect. RV assumes that all applicable central, state, local zoning, environmental and similar laws and regulations have and continue to be complied with by Client. RV assumes no responsibility for the acceptability of the valuation approaches used in report as legal evidence in any particular court or jurisdiction.

RV, by reason of performing this valuation and preparing the valuation report, is neither required to give expert testimony nor attend in court or any government, professional or regulatory hearing with reference to matters contained herein, unless prior written arrangements have been made with RV regarding such additional engagement.

The management has provided with the estimation of the future financial performance for the period July 01, 2020 to March 31, 2026 for the purposes of this engagement.

Shareholding Pattern (Existing) for the Companies forming part of Draft scheme of arrangement under section 230 to 232 read with Section 66 and the other applicable provisions of the Companies Act, 2013

RACL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	19,12,031	88.13
2	Public	2,57,488	11.87
	Total	21,69,519	

RSL: RSL is wholly owned subsidiary by RACL

CA VIJAY DEEP SINGH NEW DELHI NCR REGISTERED VALUER

Advanced Consultancy Limited Coimbatore Renaissance

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

RCSL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	1,000	100.00
2	Others	-	-
	Total	1,000	

REL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	22,25,953	72.58
2	Public	8,40,990	27.42
	Total	30,66,943	

SCPL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	15,40,162	84.58
2	Public	2,80,730	15.42
	Total	18,20,892	

Semac Muscat as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Semac Consultants Private Limited	1,62,501	65.00
2	IBN Khadun Al Madaen Engineering Consultants	87,500	35.00
	Total	2,50,001	

RCCL as on June 26, 2020

Sl. No.	Name of Shareholder	No of Shares	% of Shares
1	Promoter and Promoter Group	1,000	100.00
2	Others	-	
	Total	1,000	

Source: Management information

Step 1: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 1 from RACL into RCSL

As per the Draft scheme of arrangement, the management of RACL is contemplating to demerge Demerged Undertaking 1 from RACL into RCSL. As a consideration of the demerger of Demerged Undertaking 1 into RCSL, equity shareholders of RACL will be entitled to equity shares of RCSL in the same proportion in which they own shares in RACL.

Upon demerger of Demerged Undertaking 1, the shareholding pattern of RCSL will mirror the shareholding of RACL. Thus, the economic and beneficial interest of the shareholders of RACL shall remain same. Therefore, determination of share entitlement ratio and a detailed valuation of the companies to determine the share entitlement ratio would not be relevant in the present case. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	RACL (Demerged Undertaking 1)		RCSL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

NA - Not Adopted

CA VIJAY DEEP SINGH NEW DELHI NCR REGISTERED VALUER

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

Based on the above discussion, the following share entitlement ratio for demerger of Demerged Undertaking 1 into RCSL would be fair and reasonable:

"1 equity share of INR 10 each, fully paid up of RCSL to be issued for every 1 equity share of INR 10 each held by the shareholders of RACL"

Step 2: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of RSL & RACL into Revathi Equipment Limited ("REL")

Merger of RSL into REL

RSL holds 4,57,000 equity shares in REL. As per the draft Scheme of Arrangement, upon merger of RSL into REL, the shareholders of RSL would be entitled to same number of equity shares of REL which RSL owns in REL on Effective Date of the Scheme of Arrangement. Pursuant to merger, there would be no change in the paid-up share capital of REL. In other words, the merger is precisely cancellation of shares held by RSL in REL (as listed entity cannot hold its own shares) and reissue of same number of equity shares of REL to the shareholders of RSL without increasing promoter shareholding or affecting the interest of other shareholders and accordingly, valuation as per ICDR guidelines is not applicable. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	RSL		REL	
	Value per share (INR)	Weight (%)	Value per share INR	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

**NA - Not Adopted*

Based on the aforesaid discussion, the following proposed Share Swap Ratio is fair to shareholders of RSL and shareholders of REL:

"4,57,000 equity shares of INR 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RSL in proportion of their shareholding in RSL."

Since RSL is a wholly owned subsidiary of RACL, upon Proposed Merger, shares of REL will be issued to RACL.

Merger of RACL into REL

Post demerger of Demerged Undertaking 1 from RACL into RCSL and merger of RSL into REL, RACL will hold 22,25,953 equity shares of REL. As per the draft Scheme of Arrangement, upon merger of RACL into REL, the shareholders of RACL would be entitled to same number of equity shares of REL which RACL owns in REL on Effective Date of the Scheme of Arrangement. Pursuant to merger, there would be no change in the paid-up share capital of REL. In other words, the merger is precisely cancellation of shares held by RACL in REL (as listed entity cannot hold its own shares) and reissue of same number of equity shares to the shareholders of RACL without increasing promoter shareholding or affecting the interest of other shareholders and accordingly, valuation as per ICDR guidelines is not applicable. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	RACL		REL	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

**NA - Not Adopted*

Based on the aforesaid discussion, the following proposed Share Swap Ratio is fair to shareholders of RACL and shareholders of REL:

"22,25,953 equity shares of INR 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RACL in proportion of their shareholding in RACL."

CA VIJAY DEEP SINGH NEW DELHI NCR REGISTERED VALUER

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

Step 3: Valuation of Revathi Equipment Limited (REL)

A. Industry Analysis

Growth Driving Factors: Mining & Metals Industry

India is home to 1,531 operating mines and produces 95 minerals - 4 fuel-related minerals, 10 metallic minerals, 23 non-metallic minerals, 3 atomic minerals and 55 minor minerals. India is the 2nd largest producer of coal. Coal production grew at CAGR of 4.6% over FY14-FY19 (to 730.35 MT) and is expected to grow 6-7% Y-o-Y over FY 20, as the main aim of the miners is to focus on the surface mining of coal. Coal's share in India's primary energy consumption is expected to be 48% in 2040. During April 2000-June 2019, FDI inflows in the mining and coal production sectors stood at US$ 2,651.57 million and US$ 27.73 million, respectively. India ranks fourth in terms of iron ore production globally. Production of iron ore in FY19 (up to Feb 19) stood at 187.60 million tonnes. India has around 8 per cent of world's deposits of iron ore. India is the 2nd largest crude steel producer in the world, generating an output of 106.5 MT in 2018, a growth of 3.7% Y-o-Y. India's steel consumption rose 7.5% Y-o-Y and 7.9% Y-o-Y over the last 2 years, outpacing a 2.1% to 5% growth globally.

According to Ministry of Mines, India has the 7th largest bauxite reserves- around 2,908.85 million tonnes in FY18. Aluminium production stood at 2.25 MT in FY19 (up to February 2019) and is forecasted to grow to 3.33 million tonnes in FY20.

Power and cement industries are also aiding growth in the metals and mining sector. Demand for iron and steel is set to continue, given the strong growth expectations for the residential and commercial building industry. India's iron and steel export during between April-September 2019 stood at US$ 4.67 billion.

Government Initiatives

Under the Mines and Minerals (Development and Regulation) Act of 1957, FDI up to 100 per cent under Automatic route is allowed for the mining and exploration of metal and non- metal ores including diamond, gold, silver and precious ores, while FDI up to 100 per cent under Government route is allowed in for mining and mineral separation of titanium bearing minerals and its ores.

The Government of India is taking steps boost the country's domestic steel sector and raise its capacity to 300 million tonnes (MT) by 2030-31.

Future Prospects

Coal may account for half of India's power generation in 2030. It is expected to grow at 6-7% Y-o-Y over FY 20. Coal's share in India's primary energy consumption is expected to be 48% in 2040.

There is significant scope for new mining capacities in iron ore, bauxite and coal and considerable opportunities for future discoveries of sub- surface deposits.

Infrastructure projects continue to provide lucrative business opportunities for steel, zinc and aluminium producers. Aluminium production is forecasted to grow to 3.33 million metric tonnes by FY20.

Source: IBEF, investindia.gov.in

Drilling Tools,

Drivers of industry

The market growth for drilling tools is mainly driven by increasing drilling activities as well as the development of unconventional hydrocarbon resources (shale gas, tight oil, tight gas, coalbed methane, and gas hydrates). Another factor driving the demand for drilling tools is the increasing energy demand in Asia Pacific and growing oil & gas production in oil-importing countries to reduce trade deficits.

Energy demand of India is anticipated to grow faster than energy demand of all major economies. Consequently, India's energy demand as a percentage of global energy demand is expected to rise to 11 per cent in 2040 from 5.58 per cent in 2017. Even though focus on renewable energy is increasing, rise in energy demand is so much that the growth of non-renewable sources is predicted for the foreseeable future.

Energy demand met by non-renewable resources (including coal), by realistic estimates of the IEA, is supposed to increase till 2030 and subsequently flatten out. As a result, the demand for drilling tools, may also follow a similar trajectory.

Future prospects

The growth of the market can be attributed to the increasing drilled footage and development of deepwater oil & gas blocks in countries such as Brazil and Mexico. Asia Pacific is projected to dominate the global drilling tool market during the forecast period due to the increase in drilling activities in China. REL, however, has not tapped into the Chinese market. Though, it

CA VIJAY DEEP SINGH NEW DELHI NCR REGISTERED VALUER

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50.

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

aims to try and enter the Africa and Middle East market. The other key markets in Asia Pacific are India, Australia, and Indonesia. There is scope for new mining capacities in iron ore, bauxite and coal and also opportunities for future discoveries of sub- surface deposits.

Source: IBEF, marketsandmarkets, business insider

Water Well Drilling Rigs

Global Water Well Drilling Services Market is projected to grow at a strong CAGR during the forecast period. Drilling services include design, planning, operations, and performance optimization. Growing demand for water well drilling equipment is increasing demand for Water Well Drilling services in the well-established and emerging regions. Moreover, current technological advancements and the growing infiltration of the end-use industries further anticipated to drive the demand for Water Well Drilling Services Market during the forecast period. Based on region, the APAC region dominated the market in 2017 and is anticipated to maintain its dominance over the next five years as well owing to growing population, growing demand for water and growing industrialization.

According to this study, over the next five years the Water Well Drilling market will register a 2.9% CAGR in terms of revenue, the global market size will reach US$ 5040 million by 2024, from US$ 4260 million in 2019.

Source: https://www.techsciresearch.com/

https://prnewsglobe.com/2019/03/29

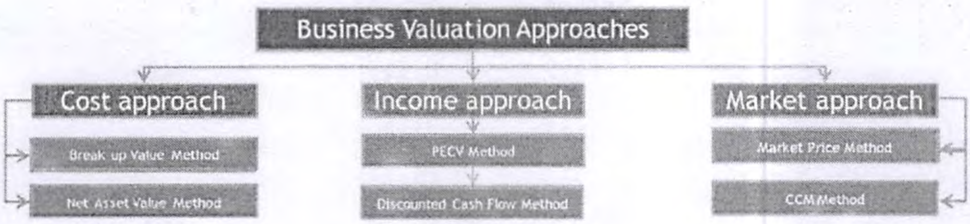
B. Valuation Opinion

Procedures/Methodology

The procedures used in RV's analysis included such substantive steps, as considered necessary under the circumstances, including, but not necessarily limited to the following:

- Considering the projected statements of profitability and cash flow of the Company, including significant underlying assumptions, which the management of company believes to be their best estimate as to the future operating results and cash flow of the Company (management projections).
- Discussions with the management to understand the historical and expected future performance, key value drivers, competitive scenarios and regulatory aspects affecting the operations of company.
- Discussions and correspondences with the management on which RV have relied.
- Such other analysis and inquiries, as considered necessary.
- The valuation exercise involves selecting an approach suitable for the purpose of valuation. Selection of an approach involves exercise of judgment by the valuer based on the facts and circumstances as applicable to the business of the company to be valued.
- There are three generally accepted approaches to valuation:

  1. "Cost" approach
  2. "Income" approach
  3. "Market" approach



Approaches & methods used for the purpose of this valuation is presented below: -

In respect of REL, SCPL & Semac Muscat:

a) Cost Approach - Adjusted Net Asset Value Method

The Net Asset Value ("NAV") method under cost approach, considers the assets and liabilities, including intangible assets and contingent liabilities. The net assets, is thereafter adjusted for the fair value of investments, surplus tangible asset and reducing the dues to preference shareholders, if any, represent the value of the company. NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.

Since all the entities are going concern, we have not applied this approach.

b) **Income Approach - Discounted Cash Flow Method (DCF Method)**

Under the DCF method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows. Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. The value of the undertaking is determined as the present value of its future free cash flows. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount rate is the Weighted Average Cost of Capital ("WACC"), based on an optimal vis-à-vis actual capital structure. It is the appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the explicit forecast period. The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

In the current valuation exercise, RV has considered future profitability projections of REL, SCPL & Semac Muscat from July 01, 2020 to March 31, 2026 as provided by the management. The explicit period has been considered from July 01, 2020 to March 31, 2026. The value so derived has been adjusted for cash, surplus assets, investments, debt, other quasi-debt like items, and contingent liabilities to derive equity value of REL, SCPL & Semac Muscat.

It may be noted that since REL, SCPL & Semac Muscat business is related to design & construction activity, the current prevailing business sentiments in the sector on account of COVID-19 may have some impact on business operations of the companies in near and short term. We have accordingly factored risk on account of the current prevailing situation in their DCF analysis.

c) Market Approach - Comparable Company Multiple Method

i. Stock Exchange Quotation/Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

This valuation reflects the price that the market at a point in time is prepared to pay for the equity shares. It is therefore influenced by the condition of the stock market, the concerns and opportunities that are seen for the business in the sector or market in which it operates. The market price also reflects the investors view of the ability of the management to deliver the return on the capital it is using. In the case of companies not frequently traded, this value may be very different from the inherent value of the equity shares, but nevertheless forms a benchmark value.

RV has further analysed that the shares of REL were not frequently traded on BSE and whereas, were being frequently traded in NSE in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [last amended on September 11, 2018].Accordingly, the minimum price has been determined based on the pricing formula prescribed under Chapter V of SEBI (Issue of Capital and Disclosure Requirements). The Relevant date for the purpose of calculation has been assumed to be June 30, 2020.

Other than REL, SCPL & Semac Muscat are not listed on any stock exchange, hence this approach has not been considered in case of SCPL & Semac Muscat.

ii. <u>Comparable Company Method</u>

Under this method, value of equity shares of a company is arrived at by using multiples derived from the valuations of comparable companies, as manifested through market valuations of listed companies. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Under the current prevailing scenario, the markets are quite volatile and, in our view, it will not be appropriate to use Comparable Company Multiple approach to value REL, SCPL & Semac Muscat. Further, there are no appropriate listed comparable in the same business as that of REL.

C. Conclusion of Value

1. Valuation of REL

The basis of the valuation of REL have been determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived under each of the above methods, for the purposes of recommending the equity share value, it is necessary to arrive at final value. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/method. The equity values so arrived are based on various approaches/methods explained herein earlier along with various qualitative factors relevant to the company, business dynamics and growth potentials of the business of REL having regard to the information base, key underlying assumptions and limitations.

RV has considered Discounted Cash Flow Method and Market Price Method to arrive at the fair value of equity shares of REL in keeping with the applicability of methodology discussed in the Procedures/ Methodology.

Attention may also be drawn to Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulation') which specifies that preferential issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said ICDR Regulation. Further, it may be noted that ICDR Regulation 164 specifies the base price for issue of shares on a preferential basis. In the proposed amalgamation unlisted entity i.e. SCPL is amalgamating with REL, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulation after considering the fair value of REL while determining the swap ratio.

RV has independently applied methods discussed above, as considered appropriate, fair value of equity shares of Revathi Equipment Limited on a going-concern basis as on June 30, 2020 is INR 692.5 per equity share.

2. Valuation of SCPL & Semac Muscat

The basis of the valuation of SCPL & Semac Muscat has been determined after taking into consideration all the factors and methods mentioned hereinabove. The equity values so arrived are based on various approaches/methods explained herein earlier along with various qualitative factors relevant to the company, business dynamics and growth potentials of the business of SCPL & Semac Muscat having regard to the information base, key underlying assumptions and limitations.

RV has considered Discounted Cash Flow Method to arrive at the fair value of equity shares of both the entities in keeping with the applicability of methodology discussed in the Procedures/ Methodology.

CA VIJAY DEEP SINGH REGISTERED VALUER NEW DELHI NCR

Renaissance Corporate Consultants Limited CBE-50

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50

Semac Consultants Private Limited Coimbatore

RV has independently applied methods discussed above, as considered appropriate, fair value of equity shares of SCPL on a going-concern basis as on June 30, 2020 is INR 420.3 per equity share which includes fair value of its subsidiary based on its holding.

Step 4: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of Semac Consultants Pvt Limited (SCPL) with REL

Computation of Exchange Ratio:

For each fully paid equity share having face value of INR 10 each held in SCPL, issue of 0.61 fully paid equity share of face value amounting to INR 10 in REL, for the purpose of merger of SCPL into REL. Further, as per information provided to us, 84.58% (approx.) of equity shares of SCPL are held by REL, therefore the shares are only to be issued to the minority shareholders.

Valuation Approach	REL		SCPL	
	Value per share (INR)	Weight (%)	Value per share INR	Weight (%)
Asset Approach (Note 1)	NA		NA	
Market Approach (Note 2)	396.2	40%	NA	
Income Approach (Note 3)	890.0	60%	420.3	100%
Relative Value per share (a)	692.5		420.3	
Value per share based on ICDR pricing (b)	396.2		NA	
Relative value per share for the purpose of exchange ratio (max (a) or (b))	692.5		420.3	
Fair Equity Share Exchange Ratio (Rounded off)	0.61			

**NA - Not Adopted*

Notes:

1. Since all the entities are going concern, we have not applied this approach.

2. Since shares of SCPL are not listed on any stock exchange, therefore Market Price Method under Market Approach is not considered.

3. DCF method under Income Approach has been used to value both the companies respectively

Based on the above discussion, we recommend the following share swap ratio for the purpose of merger of Semac Consultants Pvt. Ltd with REL:

"0.61 equity share of INR 10 each, fully paid up of REL to be issued for every 1 equity shares of INR 10 each held by the shareholders of SCPL as on record date."

Fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of REL and SCPL based on the approaches explained herein earlier and various qualitative factors relevant to the companies and the business dynamics and growth potential of the businesses, having regard to information base, management representation and perceptions, key underlying assumptions and limitations

Step 5: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking - 2 from REL into RCCL.

Computation of Equity Share Exchange Ratio:

As per the Draft scheme of arrangement, the management of REL is contemplating to demerge Demerged Undertaking - 2 from REL into RCCL. As a consideration of the demerger of Demerged Undertaking 2 into RCCL, equity shareholders of REL will be entitled to equity shares of RCCL in the same proportion in which they own shares in REL.

Upon demerger of Demerged Undertaking 2, the shareholding pattern of RCCL will mirror the shareholding of REL. Thus, the economic and beneficial interest of the shareholders of REL shall remain same. Therefore, determination of share entitlement

CA VIJAY DEEP SINGH NEW DELHI NCR REGISTERED VALUER

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

REVATHI EQUIPMENT LTD. CBE-50

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50

ratio and a detailed valuation of the companies to determine the share entitlement ratio would not be relevant in the present case. Accordingly, we have not carried out valuation of the companies under generally accepted valuation approaches as below:

Valuation Approach	REL (Demerged Undertaking 2)		RCCL	
	Value per share (INR)	Weight (%)	Value per share(INR)	Weight (%)
Asset Approach	NA	0	NA	0
Market Approach	NA	0	NA	0
Income Approach	NA	0	NA	0
Relative Value per share	NA	0	NA	0

NA - Not Adopted

Based on the above discussion, the following share entitlement ratio for demerger of Demerged Undertaking 2 into RCCL would be fair and reasonable:

"1 equity share of INR 10 each, fully paid up of RCCL to be issued for every 1 equity share of INR 10 each held by the shareholders of REL."

Conclusion

Reference	Description	Value/Exchange Ratio
Step 1	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 1 from RACL into RCSL	1:1
Step 2	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of RSL & RACL into REL	"4,57,000 equity shares of Rs. 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RSL in proportion of their shareholding in RSL." "22,25,953 equity shares of Rs. 10 each fully paid up of REL shall be issued and allotted as fully paid up to the equity shareholders of RACL in proportion of their shareholding in RACL."
Step 3	Computation of Equity Value Per Share of REL	INR 692.5
	Computation of Equity Value Per Share of SCPL	INR 420.3
Step 4	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of SCPL with REL	0.61:1
Step 5	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking - 2 into RCCL.	1:1

It may be pertinent to note that the impact of Covid-19 on business and economy cannot be estimated definitively. Accordingly, the expected market conditions as on valuation date may perhaps change in future and this may or may not have an impact our value conclusion and hence the share entitlement/share swap ratios.

RV has no present or contemplated financial interest in any of the above discussed entities. RV's fees for this valuation is in no way contingent upon the value. RV has no responsibility to update this report for events and circumstances occurring subsequent to the date of this report. This report is not to be copied or made available to any persons without the express written consent of RV.

Yours faithfully,
For Vijay Deep Singh,

Vijay deep Singh

Registered Valuer
Date: June 30, 2020
Place: Noida

CA Vijay Deep Singh
Registered Valuer
Regd. No: IBBI/RV/06/2018/10139
RVO M. No: ICAIRVO/06/RV-P00027/2018-19

For Renaissance Stocks Limited
Authorised Signatory

For Renaissance Consultancy Services Limited
Authorised Signatory

For Revathi Equipment Limited
K.Maheswaran
Company Secretary

For Renaissance Advanced Consultancy Limited
Authorised Signatory

For Semac Consultants Private Limited
Authorised Signatory

For Renaissance Corporate Consultants Limited
Authorised Signatory

Annexure 1- Stock Exchange Quotation/Market Price Method (As on June 30, 2020)

Calculation of pricing under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Since REL is being frequently traded at National Stock Exchange (NSE) as on June 30, 2020, the following pricing mechanism has been adopted by us: -

A. *Average Price of Weekly High & Low Volume Weighted Average Prices (VWAP) quoted on the National Stock Exchange of India Limited during the last 26 weeks preceding the Relevant Date (considering relevant date as on June 30, 2020)*

Week	From	To	Closing Low	Closing High	Average
1	23-Jun-20	29-Jun-20	391.4	404.8	398.1
2	16-Jun-20	22-Jun-20	390.9	397.8	394.3
3	09-Jun-20	15-Jun-20	359.4	399.3	379.3
4	02-Jun-20	08-Jun-20	320.3	356.1	338.2
5	26-May-20	01-Jun-20	302.9	313.9	308.4
6	19-May-20	25-May-20	296.5	305.4	300.9
7	12-May-20	18-May-20	292.4	297.0	294.7
8	05-May-20	11-May-20	285.9	307.3	296.6
9	28-Apr-20	04-May-20	305.2	321.8	313.5
10	21-Apr-20	27-Apr-20	300.7	325.6	313.1
11	14-Apr-20	20-Apr-20	306.7	334.3	320.5
12	07-Apr-20	13-Apr-20	294.9	309.2	302.1
13	31-Mar-20	06-Apr-20	281.7	302.8	292.3
14	24-Mar-20	30-Mar-20	247.9	287.0	267.4
15	17-Mar-20	23-Mar-20	256.0	315.4	285.7
16	10-Mar-20	16-Mar-20	334.7	393.6	364.2
17	03-Mar-20	09-Mar-20	381.8	437.0	409.4
18	25-Feb-20	02-Mar-20	451.6	504.2	477.9
19	18-Feb-20	24-Feb-20	481.0	509.6	495.3
20	11-Feb-20	17-Feb-20	425.5	515.8	470.6
21	04-Feb-20	10-Feb-20	435.5	452.2	443.8
22	28-Jan-20	03-Feb-20	448.4	480.1	464.2
23	21-Jan-20	27-Jan-20	440.1	465.3	452.7
24	14-Jan-20	20-Jan-20	398.0	465.9	431.9
25	07-Jan-20	13-Jan-20	368.4	408.7	388.6
26	31-Dec-19	06-Jan-20	368.5	382.6	375.5
Average Price					**368.4**

B. *Average of Weekly High & Low of Volume Weighted Average Price (VWAP) of the equity shares of the National Stock Exchange of India Limited during the last two weeks preceding the Relevant Date (considering relevant date as on June 30, 2020)*

Week	From	To	Closing Low	Closing High	Average
1	23-Jun-20	29-Jun-20	391.4	404.8	398.1
2	16-Jun-20	22-Jun-20	390.9	397.8	394.3
Average Price					**396.2**

26 Weeks High Low Volume Weighted Average Prices (A)	INR 368.4
2 Weeks High Low Volume Weighted Averages Prices (B)	INR 396.2
Applicable Minimum Price (Higher of A or B)	**INR 396.2**

CA VIJAY DEEP SINGH NEW DELHI NCR REGISTERED VALUER

Renaissance Advanced Consultancy Limited Coimbatore

Renaissance Consultancy Services Limited Coimbatore

Renaissance Stocks Limited Coimbatore

Revathi Equipment Ltd. CBE-50

Semac Consultants Private Limited Coimbatore

Renaissance Corporate Consultants Limited CBE-50