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

Date: 12<sup>th</sup> November 2021

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

For Renaissance Stecks Limited

Authorised Signatory

Authorised Signatory

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

For Revathi Equipment Limited

For Semac Consultants Private Limited

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

K. Maheswaran  
Company Secretary

Authorised Signatory

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 October 04, 2021, 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 November 11, 2021 (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.



### Scope and Purpose of this report

**Renaissance Advanced Consultancy Limited ("RACL")** (CIN: U74140TZ2014PLC031048), is an entity incorporated on September 01, 2014 under provisions of The Companies Act, 2013. 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 provisions of The Companies Act, 2013. 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"/"the Company")** (CIN: L29120TZ1977PLC000780) was incorporated on May 30, 1977. It's authorized Share Capital stand at Rs. 3,50,00,000 and paid-up share capital stands at Rs. 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

**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; Along with the cancellation of the shareholding
- Demerger of Demerged Undertaking 2 (as defined under the draft scheme of Arrangement) into RCCL;
- Merger of SCPL into REL;

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: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking-2 (as defined in the draft Scheme of Arrangement) from REL into RCCL
- Step 4: Valuation of Revathi Equipment Limited ("REL"), Semac Consultants Private Limited ("SCPL") on a consolidated basis
- Step 5: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of SCPL into REL

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 November 11, 2021.
- iii. Audited Financial Statements of RACL & RSL for the period ended September 30, 2021.

##### In respect of REL:

- i. Audited annual financial statements of REL for 31 March 2021.
- ii. Profile of REL shared by the management of REL.
- iii. Shareholding pattern as on November 11, 2021.
- iv. Provisional financial statement for the period ending November 11, 2021.
- v. Contingent liability position as on the date of valuation i.e. November 11, 2021.
- vi. Data extracted from publicly available sources believed to be reliable and true (NSE & BSE India)
- vii. Discussions with the Management, and other quantitative and qualitative data.
- viii. Management Representation Letter dated November 11, 2021.

##### In respect of SCPL:

- i. Audited financial statements of SCPL & Semac-Muscat for the period ended September 30, 2021.
- ii. Profile of SCPL & Semac-Muscat shared by their respective management.
- iii. Shareholding pattern as on November 11, 2021.
- iv. Provisional financial statement of SCPL & Semac-Muscat for the period ending November 11, 2021.
- v. Projected financial statements of SCPL & Semac-Muscat from FY 22 to FY 27.
- 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 November 11, 2021.

In respect of RCSL & RCCL:

Audited Financial Statements of RCSL & RCCL for the period ended September 30, 2021  
Shareholding pattern as on November 11, 2021

**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 on a consolidated basis.
  - Enquire about business plans and future performance estimates.
- 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 provided;
- 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.

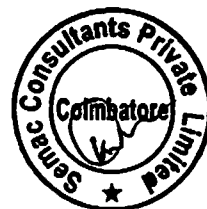
The scope of the assignment does not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not 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.

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.

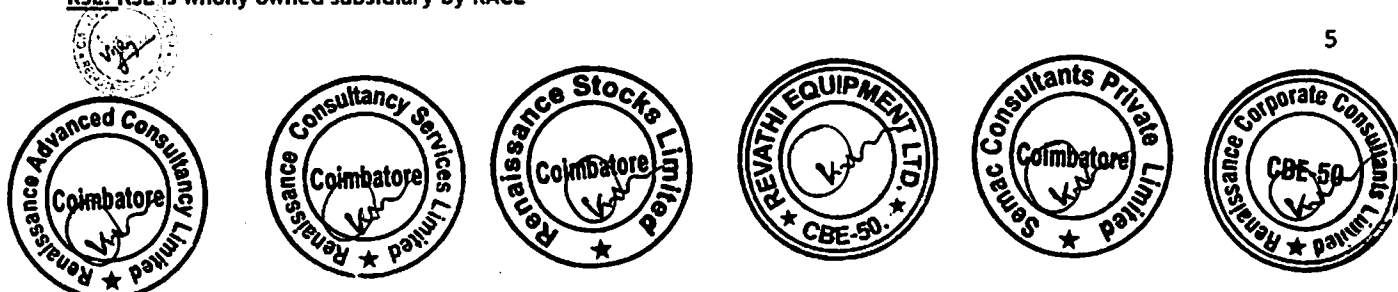
The management has provided with the estimation of the future financial performance for the period November 12, 2021 to March 31, 2027 for the purposes of this engagement.

**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 November 11, 2021**

Sl. No.	Name of Shareholder	No of Shares	% of shares
1	Promoter and Promoter Group	18,41,986	84.90
2	Public	3,27,533	15.10
	<b>Total</b>	<b>21,69,519</b>	

**RSL: RSL is wholly owned subsidiary by RACL**



**RCSL as on November 11, 2021**

Sl. No.	Name of Shareholder	No of Shares	% of shares
1	Promoter and Promoter Group	1,000	100
2	Public	0	0
Total		1,000	

**REL as on November 11, 2021**

Sl. No.	Name of Shareholder	No of Shares	% of shares
1	Promoter and Promoter Group	22,25,954	72.58
2	Public	8,40,989	27.42
Total		30,66,943	

**SCPL as on November 11, 2021**

Sl. No.	Name of Shareholder	No of Shares	% of shares
1	Promoter and Promoter Group	1745627	95.87
2	Public	75265	4.13
Total		18,20,892	

**Semac Muscat as on November 11, 2021**

Sl. No.	Name of Shareholder	No of Shares	% of shares
1	Semac Consultants Private Limited	1,62,501	65
2	IBN Khadun Al Madaen Engineering Consultants	87,500	35
Total		2,50,001	

**RCCL as on November 11, 2021**

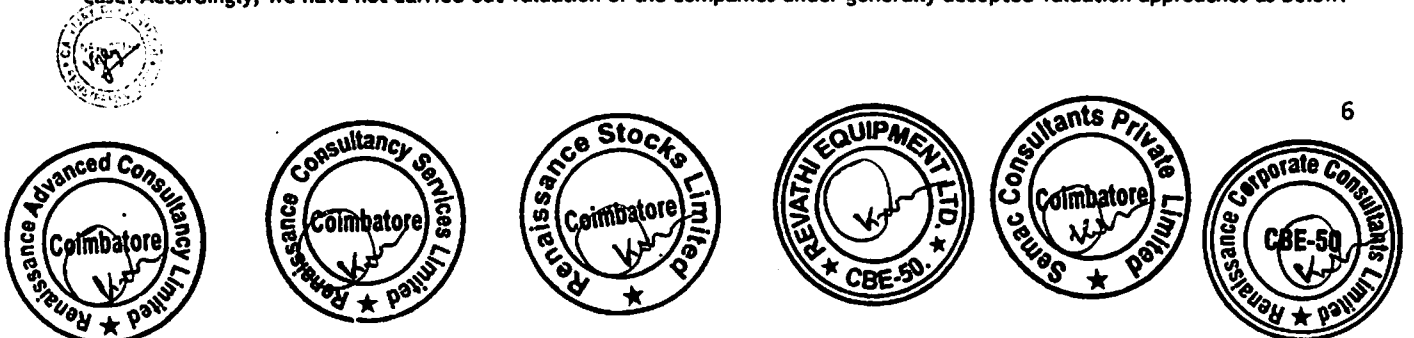
Sl. No.	Name of Shareholder	No of Shares	% of shares
1	Promoter and Promoter Group	1,000	100
2	Others	0	
Total		1,000	

Source: Management Information

**Step 1: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 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

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."*

**Step 3: Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 2 from REL into RCCL**

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

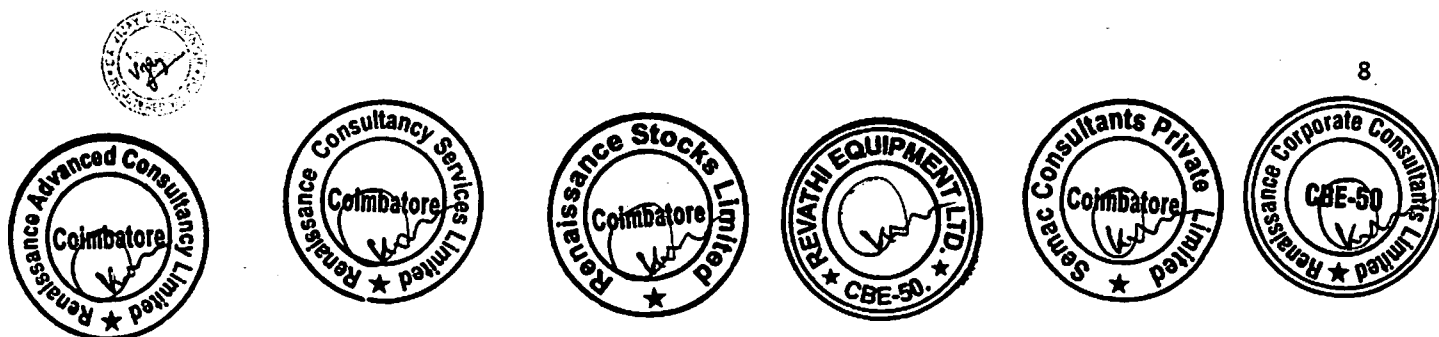
Based on the above discussion, the following share entitlement ratio for demerger of Demerged Undertaking 2 into RCCL would be fair and reasonable:

*"1 equity share of 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"*

**Step 4: Valuation of Revathi Equipment Limited (REL), SCPL and Semac Muscat**

**A. Industry Analysis (For SEMAC)**

India's engineering design and development industry is growing rapidly as the country makes deeper inroads into the global engineering space. Architectural Services Market is forecast to reach \$395 billion by 2025, at a CAGR of 4.2% in the forecast period 2020-2025. With the rapid infrastructural development in various developed and developing regions of the world there is a constant upgrade in building design and architectural services across residential, commercial and public sector. Outsourcing of engineering services such as CAD drawing, architecture description languages and project designs are increasing as the demand for Technology's role in architecture is increasing. On the other hand, advent of advancements such as Virtual Reality and Augmented Reality are playing a significant role in building design. Moreover architecture firms are holding advantage of what virtual reality can offer clients by way of communicating ideas and concepts. Advanced solutions such as 3D modelling, 3D scanning technology and utilization of high end designing software are some of the factors which propel the growth of the market in the forecast period.





### Key Takeaways and Government Initiatives

- Interior design segment is growing at highest CAGR in the forecast period due to rising renovations in modern shopping stores and enhancement in luxurious interiors of hotels.
- In Union Budget 2021, the government has given a massive push to the infrastructure sector by allocating Rs. 233,083 crore (US\$ 32.02 billion) to enhance the transport infrastructure. The government expanded the 'National Infrastructure Pipeline (NIP)' to 7,400 projects. -217 projects worth Rs. 1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020. Through the NIP, the government invested US\$ 1.4 trillion in infrastructure development as of July 2021
- Government sector is anticipated to at a highest CAGR in the forecast period owing to increasing investments by various government bodies across the world especially in projects such as smart cities, public transportation.

### Architectural Services Market Segment Analysis - By Type

Interior design segment is growing at CAGR of 6.7% in the forecast period due to rising renovation in modern shopping stores and encouraging enhancement in luxurious interiors of hotels. In addition to this there is a rise in the demand for smart planning and technology-integrated design services resulting from the development of smart cities, smart government institutes, airports, healthcare and infrastructure for the public sector. This is driving the demand for innovative interior design which incorporate sustainable and wellness-focused designs, recreational activity areas, and advanced IT infrastructure. Thus, the growing demand for interior design services from the commercial infrastructure sector will boost the growth of the interior design service market during the forecast period.

### Architectural Services Market Segment Analysis - By Application

Government sector is anticipated to grow at a highest CAGR of 9.1% by 2025. Increasing investments by various government bodies across the world especially in projects such as smart cities, public transportation and subsidised home projects are driving the market growth.

### Architectural Services Market Drivers

- Growing investment for improving infrastructure

Growing investment in improving the infrastructural facilities of different industry verticals is creating demand for Architectural services market size. At present several developing countries are focusing on improving the infrastructural facilities. For instance Indian government has enforced a plan to invest \$777.73 billion in infrastructure development by 2022 to have sustainable development in the country. Similarly, China is investing approximately \$551 million per year in Intelligent Transport System (ITS). These kind of investments will create opportunities for Architectural services market.

- Adoption of 3D Printing

Adoption of 3d printing in architecture is a growing due to application of additive manufacturing in 3D printing, as this technology is rapidly spreading and brings the most direct way from on-screen visualization to touch and feeling representation. 3D has become the new medium to present a project as it decrease the cost and saves up to 75% of turnaround time of hours and days. Similarly, in Dubai, the Office of the future is the first 3D printed office in the world which was printed in 17 days and constructed in 48 hours. Technologies as such will drive the market in the forecast period.

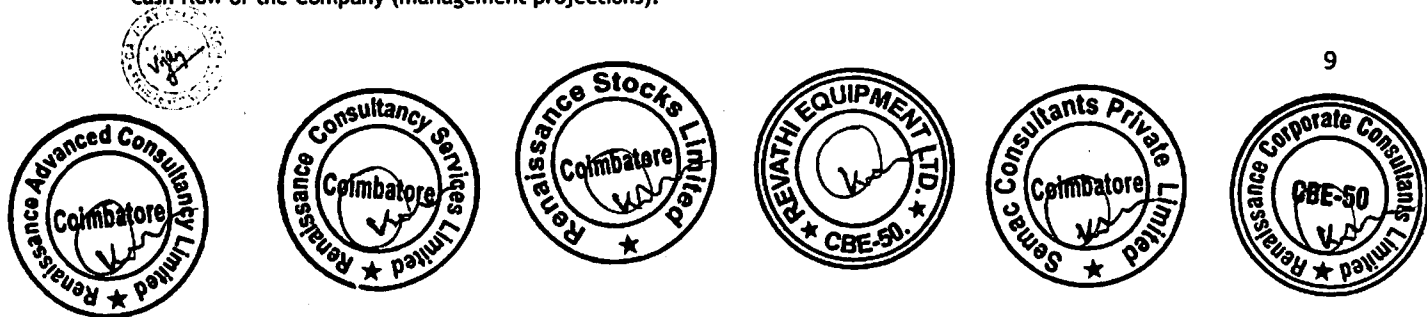
Source : <https://www.jbaf.org/industry/infrastructure-presentation>  
<https://www.industryarc.com/Research/Architectural-Services-Market-Research-503861>

## B. Valuation Opinion

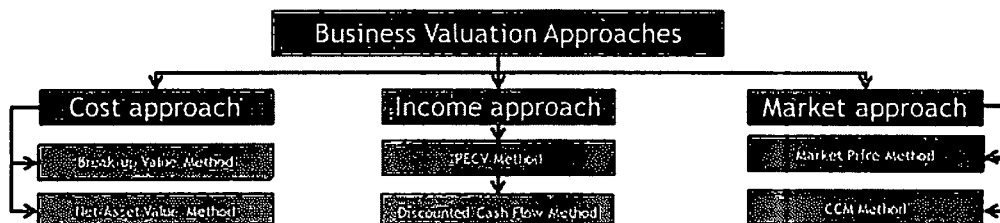
### Procedures/Methodology

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 SCPL & Semac Muscat are going concern, we have not applied this approach. However, Pursuant to the demerger of REL operating business into RCCL, REL does not have operating business, the NAV method has been considered to value the same

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 SCPL on consolidated basis from November 12,2021 to March 31,2027 as provided by the management. The explicit period has been considered from November 12,2021 to March 31, 2027. 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 SCPL & Semac Muscat.

It may be noted that since 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 our DCF analysis.

Pursuant to the demerger of REL operating business into RCCL, REL does not have operating business hence income approach has not been considered.

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 are frequently traded both on BSE and 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 considered to be November 11, 2021.

*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. 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.

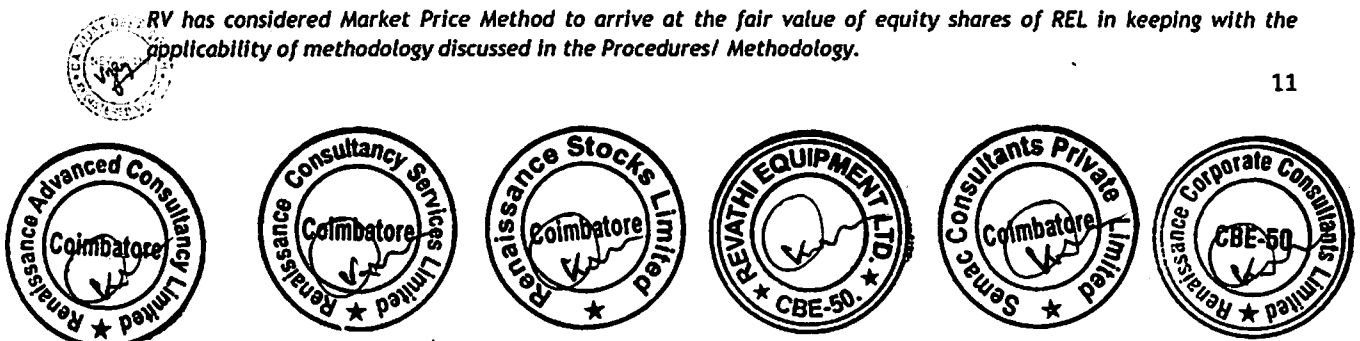
*In our view, it will not be appropriate to use Comparable Company Multiple approach to value REL, SCPL & Semac Muscat. Further, there are no appropriate listed comparable in the same business as that of REL & SCPL.*

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 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.

Pursuant to the demerger of REL operating business into RCCL, REL does not have operating business. Hence, NAV has used to value REL

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 November 11, 2021 is INR 770.6 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.

RV has independently applied methods discussed above, as considered appropriate, fair value of equity shares of SCPL on a going-concern basis as on November 11, 2021 is INR 769.4 per equity share which includes fair value of its subsidiary based on its holding.

## Step 5: 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 1 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, 95.87% (approx.) of equity shares of SCPL are held by REL, therefore the shares are only to be issued to the minority shareholders.

Revathi Equipments Limited					
Computation of Exchange Ratio as at 11th November 2021					
Amount in INR					
Valuation Approach	REL		SCPL		
	Equity value per share (INR)	Weights	Equity value per share (INR)	Weights	
Cost / Asset Approach (Note 1)	836.6	0.6	NA	NA	
Market Approach (Note 2)	671.6	0.4	NA	NA	
Income Approach (Note 3)	NA	NA	769.4	1.0	
Relative Value per share (a)	770.6	1.0	769.4	1.0	
Value per share based on ICDR pricing (b)	671.6		NA		
Relative value per share for the purpose of exchange ratio (max (a) or (b))	770.6		769.4		
Fair Equity Share Exchange Ratio (Rounded off)					1.00

\*NA - Not Adopted



**Notes:**

1. However, REL is only left with investments and no operating business, the Cost Approach has been considered to value the same
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 SCPL only.

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

"1 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."

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

**Conclusion**

Reference	Description	Value/Exchange Ratio
Step 1	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 1 from RAEL into RACL	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	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed demerger of Demerged Undertaking 2 from REL into RCCL	1:1
Step 4	Computation of Equity Value Per Share of REL	INR 770.6
	Computation of Equity Value Per Share of SCPL	INR 769.4
Step 5	Recommendation of Equity Shares Exchange Ratio pursuant to the proposed merger of SCPL with REL	1:1

Yours faithfully,  
For Vijay Deep Singh,

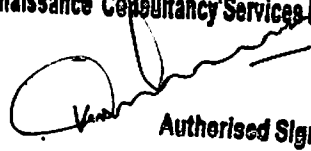
**VIJAY DEEP SINGH**  
Digitally signed by VIJAY DEEP SINGH  
Date: 2021.11.12 23:04:36 +05'30'


Registered Valuer  
Date: November 12, 2021  
Place: Noida  
UDIN: 21095647AAAAAG2133

For Renaissance Advanced Consultancy Limited

  
Authorized Signatory

For Renaissance Consultancy Services Limited For Renaissance Stocks Limited

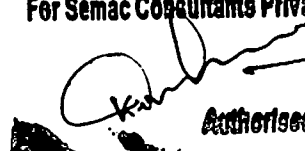
  
Authorized Signatory

  
Authorized Signatory

For Revathi Equipment Limited

  
K. Maheswaran  
Company Secretary

For Semac Consultants Private Limited

  
Authorized Signatory

For Renaissance Corporate Consultants Limited

  
Authorized Signatory

**Annexure 1- Stock Exchange Quotation/Market Price Method (As on November 11, 2021)**

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 November 11, 2021, 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 November 11, 2021)

Week	From	To	Closing Low	Closing High	Average
1	05-Nov-21	11-Nov-21	670.73	751.23	710.98
2	29-Oct-21	04-Nov-21	601.94	662.43	632.19
3	22-Oct-21	28-Oct-21	591.73	608.65	600.19
4	15-Oct-21	21-Oct-21	615.10	665.51	640.31
5	08-Oct-21	14-Oct-21	595.38	662.65	629.02
6	01-Oct-21	07-Oct-21	595.26	603.27	599.27
7	24-Sep-21	30-Sep-21	593.42	601.51	597.47
8	17-Sep-21	23-Sep-21	574.95	603.91	589.43
9	10-Sep-21	16-Sep-21	562.77	634.37	598.57
10	03-Sep-21	09-Sep-21	556.80	567.36	562.08
11	27-Aug-21	02-Sep-21	558.88	578.91	568.90
12	20-Aug-21	26-Aug-21	530.81	572.83	551.82
13	13-Aug-21	19-Aug-21	582.70	629.76	606.23
14	06-Aug-21	12-Aug-21	621.90	667.57	644.74
15	30-Jul-21	05-Aug-21	662.43	691.44	676.94
16	23-Jul-21	29-Jul-21	659.10	681.18	670.14
17	16-Jul-21	22-Jul-21	678.79	698.85	688.82
18	09-Jul-21	15-Jul-21	700.97	711.43	706.20
19	02-Jul-21	08-Jul-21	678.73	722.09	700.41
20	25-Jun-21	01-Jul-21	679.53	701.72	690.63
21	18-Jun-21	24-Jun-21	686.65	725.36	706.01
22	11-Jun-21	17-Jun-21	573.58	798.37	685.98
23	04-Jun-21	10-Jun-21	569.97	576.49	573.23
24	28-May-21	03-Jun-21	563.18	576.45	569.82
25	21-May-21	27-May-21	568.86	578.26	573.56
26	14-May-21	20-May-21	567.47	586.09	576.78
Average of 26 weeks					628.83

- 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 November 11, 2021)

Week	From	To	Closing Low	Closing High	Average
1	05-Nov-21	11-Nov-21	670.73	751.23	710.98
2	29-Oct-21	04-Nov-21	601.94	662.43	632.19
Average of 26 weeks					671.58

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

INR 628.83  
 INR 671.58  
 INR 671.58

