Bansi S. Mehta Valuers LLP Registered Valuer - Securities or Financial Assets Registration No. IBBI/RV - E/06/2022/172 11/13 Botawala Building, 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001	**Niranjan Kumar** Registered Valuer - Securities or Financial Assets Registration Number: IBBI/RV/06/2018/10137 N5-1003, Hills and Dales Ph 3, NIBM Annexe, Pune – 411060

October 04, 2022

To,

The Audit Committee and the Board of Directors **Amara Raja Batteries Limited** Renigunta Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh- 517520	**The Audit Committee and the Board of Directors** **Mangal Industries Limited** Renigunta Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh- 517520

Dear Sir/ Madam,

SUB: Addendum to the Report dated September 26, 2022 on recommendation of share entitlement ratio for the proposed demerger of 'Plastic Component for Battery Business' of Mangal Industries Limited ("Demerged Undertaking") into Amara Raja Batteries Limited ("ARBL") ("the Report")

We note that in the Report, in Annexure 1A detailing the Approach to Valuation by BSM in the table for computation of Fair equity share entitlement ratio for Demerger of Demerged Undertaking of MIL into ARBL on page 14 there has been a typo error.

In row 5 of the said table, the nomenclature 'Relative Valuer per Share of (i) and (ii)[a]' should be read as 'Relative Valuer per Share (Average of (i), (ii) and (iii)) [a]'

The aforesaid does not have any effect on our recommended share entitlement ratio vide the Report.

This letter should be read in conjunction with our report and the limitations mentioned therein.

Any terms not defined in this letter shall derive their meaning from our Report.

BANSI S. MEHTA VALUERS LLP Registered Valuer IBBI Registration Number: IBBI/RV – E /06/2022/172 BANSI S. MEHTA VALUERS LLP * REGISTERED VALUER * **DRUSHTI R. DESAI** Place: Mumbai Date: October 04, 2022	**Niranjan Kumar** Registered Valuer- Securities or Financial Assets, IBBI Registration Number:IBBI/RV/06/2018/10137 ICAIRVO/06/RV-P000021/2018-19 NIRANJAN KUMAR IBBI Regn. No. IBBI/RV/06/2018/10137 REGISTERED VALUER-SEC. OR FIN. ASSETS **Niranjan Kumar** Place: PUNE Date: 04th October 2022

3 ANNEXURE II-A

AMARA RAJA
Gotta be a better way

September 27, 2022

National Stock Exchange of India Limited
Listing Compliance Department
Exchange Plaza
Bandra – Kurla Complex
Bandra East, Mumbai – 400 051
NSE Symbol: AMARAJABAT

Dear Sir / Madam,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations") for the proposed Scheme of Arrangement amongst Mangal Industries Limited ("MIL" or the "Demerged Company") and Amara Raja Batteries Limited ("ARBL" or the "Company" or the "Resulting Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of Companies Act, 2013, read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Companies Act" or the "Act") (the "Scheme of Arrangement" or the "Scheme")

Ref: Valuation Report dated September 26, 2022, issued jointly by Mr. Niranjan Kumar and Bansi S. Mehta Valuers LLP, Registered Valuers

We hereby enclose the Valuation Report dated September 26, 2022, issued jointly by Mr. Niranjan Kumar, Registered Valuer – Securities or Financial Assets (Registered Valuer Registration No. IBBI/RV/06/2018/10137) and Bansi S. Mehta Valuers LLP, Registered Valuer – Securities or Financial Assets (Registered Valuer Registration No. IBBI/RV-E/06/2022/172), recommending the Share Entitlement Ratio attached herewith as **Annexure IIB**.

In connection with the above application, we hereby confirm that no material event impacting the valuation has occurred during the intervening period of filing the scheme documents with the Stock Exchange and period under consideration for valuation i.e., June 30, 2022.

For Amara Raja Batteries Limited

Vikas Sabharwal

Amara Raja Batteries Limited

Vikas Sabharwal
Company Secretary

Annexure - II B

Valuation Report

Bansi S. Mehta Valuers LLP Registered Valuer - Securities or Financial Assets Registration No. IBBI/RV - E/06/2022/172 11/13 Botawala Building. 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001	**Niranjan Kumar** Registered Valuer - Securities or Financial Assets Registration Number: IBBI/RV/06/2018/10137 N5-1003, Hills and Dales Ph 3, NIBM Annexe, Pune – 411060

Dated: September 26, 2022

To,

The Audit Committee and the Board of Directors **Amara Raja Batteries Limited** Renigunta Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh- 517520	**The Audit Committee and the Board of Directors** **Mangal Industries Limited** Renigunta Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh- 517520

Sub: Recommendation of share entitlement ratio for the proposed demerger of 'Plastic Component for Battery Business' ("Demerged Undertaking") of Mangal Industries Limited ("MIL") into Amara Raja Batteries Limited ("ARBL")

Dear Sir / Madam,

We refer to the engagement letter (s) whereby, Bansi S. Mehta Valuers LLP (hereinafter referred to as "BSM") has been appointed on September 13, 2022 and Niranjan Kumar (hereinafter referred to as "NK") has been appointed on June 18, 2022 by Amara Raja Batteries Limited (hereinafter referred to as "ARBL") and Mangal Industries Limited (hereinafter referred to as "MIL"), to recommend share entitlement ratio for the proposed demerger of 'Plastic Component for Battery Business' ('Demerged Undertaking') of MIL into ARBL on a going concern basis ("Proposed Demerger"), as more particularly provided for in the Draft Scheme of Arrangement ("Scheme").

ARBL and MIL are hereinafter jointly referred to as "the Companies" or "the Clients" and individually referred to as "Company", as the context may require.

ARBL and Demerged Undertaking shall hereinafter together be referred to as "Valuation Subjects".

BSM and NK are hereinafter jointly referred to as "Valuers" or "We" or "Us" in this report.

The share entitlement ratio for this Report refers to the number of equity shares of ARBL, which would be issued to the equity shareholders of MIL pursuant to the Proposed Demerger.

SCOPE AND PURPOSE OF THIS REPORT

Amara Raja Batteries Limited ('ARBL' or 'Resulting Company') was incorporated on 13 February 1985 and is engaged in the business of manufacturing energy storage products for both industrial and automotive applications in India. The Company's products are supplied to customer groups viz., Telecom, Railways, Power Control, Solar and UPS under Industrial Battery business, and to Automobile OEMs, Replacement Market and Private Label Customers under Automotive Battery business. The Company's products are exported to various countries in the Indian Ocean Rim. The Company also provides installation, commissioning and maintenance services. The leading automotive and industrial battery brands of the Company are Amaron, PowerZone, Power Stack, AmaronVolt and Quanta. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

Mangal Industries Limited ('MIL') was incorporated on 09 November 1990 and is engaged in various businesses such as Plastic Component for Battery Business; business of manufacturing of auto components (including fasteners, plastics, copper inserts/ connectors and others), metal fabrication, storage solution, lead bushes and trading of various products etc.. The equity shares of MIL are not listed on any stock exchange.

Demerged Undertaking of MIL means Plastic Component for Battery Business which includes the business of manufacturing plastic components for batteries such as containers, covers, handles etc. The aforesaid business shall include manufacturing facilities located at Karakambadi and manufacturing facilities located at Amara Raja Growth Corridor (ARGC) and plant and machinery of Petamitta Unit.

We understand that the Management of the Companies (hereinafter referred to as "the Management") are contemplating a scheme of arrangement, wherein they intend to demerge the Demerged Undertaking of MIL into ARBL in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force including the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued therein, in each case, as amended from time to time, and in a manner provided in the Draft Scheme of Arrangement ('the Scheme').

We understand that as a consideration for the Proposed Demerger, equity shares of ARBL would be issued to equity shareholders of MIL.

In this connection, ARBL and MIL have appointed BSM and NK to submit a joint report recommending the share entitlement ratio to Audit Committee / Board of Directors / any other committee formulated by the respective Companies for the Proposed Demerger (hereinafter referred to as "Report").

We would like to emphasize that certain terms of the Proposed Demerger are stated in our report, however the detailed terms of the Proposed Demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the Proposed Demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

We understand that the appointed date for the Proposed Demerger shall be 01 April 2022 as defined in the Scheme or such other date as the competent authority may direct or approve.

For the purpose of this report, we have considered the Valuation Date as 25 September 2022.

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of Valuation Subjects and then arrive at the share entitlement ratio using internationally accepted valuation methodologies as may be applicable to Valuation Subjects and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

The Valuers have worked independently in their analysis. The Valuers have independently arrived at different values per share of the Valuation Subjects. However, to arrive at the consensus on the share entitlement ratio for the Proposed Demerger, appropriate minor adjustments, rounding-off has been done in the values arrived at by the Valuers.

We have been provided with the limited reviewed standalone/ consolidated statement of profit and loss of ARBL for three months period ended June 30, 2022 and June 30, 2021; unaudited standalone/ consolidated balance sheet of ARBL as at June 30, 2022; financial statements of Demerged Undertaking of MIL for financial year ended March 31, 2022 and three months period ended June 30, 2022 as certified by the Auditor; and audited accounts for MIL for the quarter ended June 30, 2022. We have taken into consideration the

BANSI S. MEHTA VALUERS LLP ★ REGISTERED VALUER ★

NIRANJAN KUMAR REGISTERED VALUER NK SECURITIES OR FINANCIAL ASSETS current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. The Management has informed us that there are no unusual/abnormal events in the Companies materially impacting their operating/ financial performance after June 30, 2022, until the Report Date. It may be noted that ARBL had declared dividend of INR 0.50 per share with the Record Date of July 28, 2022. Further, we have been informed by the Company that to the best of their knowledge, material information regarding the business of each of the Valuation Subjects has been disclosed to us.

We have relied on the above while arriving at share entitlement ratio for the Proposed Demerger.

We have been informed that:

i) There would not be any capital variation in the Companies till the Scheme becomes effective, without approval of the shareholders and other relevant authorities.

ii) Till the Scheme becomes effective, neither of the Companies would declare any substantial dividends having materially different yields as compared to the past few years.

iii) There would be no significant variation between the draft scheme and final scheme approved and submitted with the relevant authorities.

We have been informed that, in the event either of the Companies restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares/ merger/ demerger/ reduction of share capital before the Scheme becomes effective, the issue of shares pursuant to the share entitlement ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have received/ obtained the following information about the Valuation Subjects from the Management of the respective Company:

- Annual Reports for the year ended 31 March 2022 and earlier years for ARBL and MIL.
- Financial statements for financial year ended March 31, 2022 and three months period ended June 30, 2022 for Demerged Undertaking of MIL certified by the Auditor.
- Audited financial statements of MIL for the quarter ended June 30, 2022.
- Limited reviewed unaudited standalone/ consolidated statement of profit and loss of ARBL for three months period ended June 30, 2021 and June 30, 2022.
- Unaudited standalone/ consolidated balance sheet of ARBL as on June 30, 2022.
- Shareholding pattern of ARBL as at 30 June 2022 and of MIL as at report date.
- Financial Projections of ARBL and Demerged Undertaking for the financial year to end on March 31, 2023 to 2027.
- Draft Scheme of Arrangement between the Companies pursuant to which Proposed Demerger is to be undertaken;
- Discussions with the Management to obtain requisite explanation and clarification of data provided, to inter-alia understand their perception of historical and expected future performance of ARBL and Demerged Undertaking.
- Information available in public domain and databases such as S&P Capital IQ, NSE, BSE etc.

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NIRANJAN KUMAR REGISTERED VALUER SECURITIES OR FINANCIAL ASSETS NK

- Other relevant information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the Companies which may not have been perused by us in any detail, if not considered relevant for the defined scope. The Clients have been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

ARBL has informed us that Kotak Mahindra Capital Company Limited ('KMCC') has been appointed by ARBL to provide fairness opinion on the share entitlement ratio for the purpose of the Proposed Demerger. Further, at the request of ARBL we have had discussions with KMCC in respect of our respective valuation analysis.

PROCEDURES ADOPTED

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

- Requested and received financial and qualitative information.
- Used data available in public domain related to ARBL/ Demerged Undertaking and their peers.
- Discussions (physical/ over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
  - Enquire about the historical financial performance, current state of affairs, business plans, and the future performance estimates.
- Identification of suitable comparable companies in discussion with the Management.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysis of key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Obtained and analysed market prices, volume data and other relevant information for ARBL.
- Obtained and analysed data of peers available in public domain, as deemed relevant by us for the purpose of the present exercise.
- Reviewed the financial projections provided by the Management for ARBL and Demerged Undertaking including understanding basis of preparation and the underlying assumptions;
- Selection of appropriate internationally accepted valuation methodology/ (ies), after deliberations and consideration to the sector in which the Valuation Subjects operate and analysis of their business operations.
- Arrived at the equity value of the Valuation Subjects in order to determine share entitlement ratio for the Proposed Demerger

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report ("Report Date"); (iii) limited reviewed unaudited standalone/ consolidated statement of profit and loss of ARBL for three months period ended June 30, 2021 and June 30, 2022; and unaudited standalone/ consolidated balance sheet of ARBL as on June 30, 2022; (iv) financial statements for financial year ended March 31, 2022 and three months period ended June 30, 2022 of Demerged Undertaking of MIL as certified by the auditor; (v) Financial projections as provided by the Management for ARBL and Demerged Undertaking and the assumptions underlying the financial projections;; (vi) accuracy of the information available in public domain with respect to the comparable companies identified including financial information; (vii) market price reflecting the fair value of the underlying equity shares of ARBL; and data detailed in the Section- Sources of Information.

We have been informed that the business activities of Valuation Subjects have been carried out in the normal and ordinary course between June 30, 2022 and the Report Date and that no material changes have occurred in their respective operations and financial position between June 30, 2022 and the Report Date. We have also been informed that ARBL has declared a dividend of INR 0.50 per equity share on May 20, 2022.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the share entitlement ratio for the Proposed Demerger. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The decision to carry out the Scheme (including consideration thereof) lies entirely with the Management/ Board of Directors of the respective Company and the work, and the findings shall not constitute recommendation as to whether or not the Management / the Board of Directors of the Company should carry out the Scheme.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available. We have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases; and (ii) the accuracy of information made available to us by the Companies; both of which formed a substantial basis for this Report. While information obtained from the public domain or external sources have not been verified for

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authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic/ investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials/ financial information or individual assets or liabilities, provided to us regarding the Companies / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

It may herein be noted that the projections are responsibility of the Management. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, or examination of any of the historical or prospective information used and therefore, we do not express any opinion with regard to the same.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies / subsidiary / associates / joint ventures / investee companies, if any. No investigation of Companies' (or their investee companies) claim to title of assets has been made for the purpose of this Report and Companies' (or their investee companies) claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Clients are the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Clients from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Clients or Companies, their directors, employees or agents. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

We accept no responsibility or any direct or indirect liability towards any third party including but not limited to any person, who may have been provided a copy of this Report for intended use in connection with the Scheme and hence, no party other than the Client shall have any recourse to us in relation to this engagement. In no event, we shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business/ commercial reasons behind the Proposed Demerger nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Demerger as

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compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of share entitlement ratio for the Proposed Demerger only.

We must emphasize that realization of forecasted free cash flow or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

Certain terms of the Proposed Demerger are stated in our report, however the detailed terms of the Proposed Demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the Proposed Demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

The valuation analysis and results thereof for recommendation under this Report are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the share entitlement ratio for the Proposed Demerger and relevant filings with regulatory authorities in this regard, without our prior written consent.

In addition, this Report does not in any manner address the price at which equity share of ARBL shall trade following announcement of the Proposed Demerger and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Demerger. Our report and opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.
The Valuers will owe the responsibility only to the Board of Directors of ARBL and MIL

Disclosure of Registered Valuers' Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Company or their promoters, if any or their director or their relatives. Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.

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SHAREHOLDING PATTERN

ARBL

The subscribed equity share capital of ARBL as of June 30, 2022 is INR 17.08 crores consisting of 17,08,12,500 equity shares of face value of INR 1 each.

The shareholding pattern as on June 30, 2022 is as follows:

Shareholding Pattern as on June 30, 2022	No. of Shares	% Shareholding
Promoter & Group	4,79,32,452	28.06%
Public	12,28,80,048	71.94%
Grand Total	**17,08,12,500**	**100.00%**

Source: BSE filings

We have considered 17,08,12,500 equity shares for our value analysis. As per discussions with Management, there are no ESOPs or share warrants outstanding.

MIL

The issued and subscribed equity share capital of MIL as at report date is INR 13.90 crores consisting of 1,39,03,877 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on June 30, 2022	No. of Shares	% Shareholding
RNGalla Family Private Limited	1,39,03,877	100.00%
Grand Total	**1,39,03,877**	**100.00%**

Source: Management

We have considered 1,39,03,877 equity shares for our value analysis. As per discussions with Management, there are no ESOPs or share warrants outstanding.

APPROACH FOR RECOMMENDATION OF SHARE ENTITLEMENT RATIO

The Scheme contemplates demerger of Demerged Undertaking of MIL into ARBL. Arriving at the share entitlement ratio for the Proposed Demerger of Demerged Undertaking into ARBL would require determining the relative value of equity shares of ARBL and Demerged Undertaking. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Demerger.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for Proposed Demerger and our reasonable judgment, in an independent and bona fide manner.

The Valuation Approach adopted by BSM and NK is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS OF FAIR EQUITY SHARE ENTITLEMENT RATIO

The basis of the demerger of Demerged Undertaking of MIL into ARBL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the approaches/ methods as mentioned in the Annexures, for the purposes of recommending the share entitlement ratio for Proposed Demerger, it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches/ methods applied for the present valuation exercise.

The share entitlement ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches/ methods explained in the Annexures and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

While we have provided our recommendation of the share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the share entitlement ratio. The final responsibility for the determination of the share entitlement ratio at which the Proposed Demerger 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 the Proposed Demerger and input of other advisors.

We have independently applied approaches / methods discussed in the Annexures, as considered appropriate, and arrived at the relative value per share of the Valuation Subjects for determination of share entitlement ratio for the Proposed Demerger. To arrive at the consensus on the share entitlement ratio for the Proposed Demerger, suitable minor adjustments / rounding off have been done.

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In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following share entitlement ratio for the Proposed Demerger:

To the equity shareholders of MIL

65 (Sixty-Five) equity shares of ARBL of INR 1/- each, fully paid-up for every 74 (Seventy-Four) equity shares of MIL of INR 10/- each, fully paid-up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Demerger per se or accounting, legal or tax matters involved in the Proposed Demerger.

Respectfully submitted, **BANSI S. MEHTA VALUERS LLP** Registered Valuer IBBI Registration Number: IBBI/RV – E /06/2022/172 **DRUSHTI R. DESAI** UDIN: 22102062AVESCL5601 Place: Hyderabad Date: September 26, 2022	Respectfully submitted, **Niranjan Kumar** Registered Valuer- Securities or Financial Assets, IBBI Registration Number: IBBI/RV/06/2018/10137 ICAIRVO/06/RV-P00021/2018-19 **Niranjan Kumar** UDIN: 22121635AYDAQ[illegible]87 Place: Hyderabad Date: September 26, 2022

Annexure 1A- Approach to Valuation – BSM

It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects, we have considered the valuation base as 'Fair Value'. Our valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018, has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches are used for valuation of business/business ownership interest:

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

Each of the above approaches are discussed in the following paragraphs.

1. **Market Approach**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities. The common methodologies under the Market Approach are as under.

a) **Market Price Method:**

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time.

Equity shares of ARBL are listed on NSE and BSE and are frequently traded. We have determined the market price of shares of ARBL based on the pricing formula mentioned under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

Equity shares of MIL are not listed on NSE and BSE. Hence, Market Price method has not been used to determine the value per share attributable to the Demerging Undertaking of MIL.

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b) **Comparable Companies Multiple Method ("CCM")**

This method involves valuing an asset based on market multiple of comparable companies as related to earnings, assets etc.
We have valued ARBL and the Demerged Undertaking of MIL by applying Enterprise Value to Earnings before Interest Depreciation Tax and Amortisation (EBITDA) multiple and Price to Earnings Multiple to the EBITDA and the Profit After Tax (PAT), respectively, for the trailing twelve months ended June 30, 2022.

2. **Income Approach**

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount. An approach based on earnings is relevant in case of companies generating a steady stream of income.
We have used this approach for valuation of shares of ARBL and value per share attributed to Demerged Undertaking for which forecasts were made available to us by the Management of Valuation Subjects.

- *Estimating future free cash flows:*

  Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital – both debt and equity.

- *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*

  This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

3. **Cost Approach:**

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

In a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net assets basis being of limited relevance.

The replacement cost method assumes that a participant would pay no more for the asset than the cost that would be incurred to replace the asset with a substitute of comparable utility or functionality.

ARBL is a leading player in the battery manufacturing space. The Demerged Undertaking supplies components to ARBL. The Valuation Subjects have garnered substantial reputation leading to higher future prospects. Cost Approach based on the net asset value of a company would not capture the future

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outlook and the growth potential of the Valuation Subjects. Therefore, we have not used cost approach to determine the value of Valuation Subjects.

Fair Valuation:

We have arrived at the fair value of equity shares of ARBL by applying equal weights to the value derived under CCM, Market Price Method and DCF Method and the fair value of Demerged Undertaking of MIL by applying equal weights to the value derived under CCM and DCF Method.

The value for CCM is derived under market approach based on average of Price to Earnings Multiple Method and Enterprise Value to EBITDA Multiple Method.

Attention may also be drawn to Regulation 158 of the ICDR Regulations 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 regulations. Further, it may be noted that Regulation 164 specifies the base price for issue of shares on a preferential basis. In the Proposed Demerger, Demerged Undertaking of MIL, (MIL being an unlisted entity) is demerging into ARBL, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulations for determining the price used for the share entitlement ratio for Proposed Demerger.

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The computation of fair equity share entitlement ratio for Demerger of Demerged Undertaking of MIL into ARBL by BSM is tabulated below:

Valuation Approach	ARBL (A)		Demerged Undertaking of MIL (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Market Price Method (i)	526.1	33.3%	NA	NA#
Comparable Companies Multiple Method (ii)	534.0	33.3%	475.1	50%
Income Approach – Discounted Cash Flow Method (iii)	594.3	33.3%	492.9	50%
Cost Approach *	NA	NA	NA	NA
Relative Value per Share of (i) and (ii) [a]	551.4		484.0	
Price per share based on ICDR Regulations [b]	526.1		NA	
Relative Value per share to be considered for Swap Ratio [Max of [a] and [b]]	551.4		484.0	
Fair Equity Share Entitlement Ratio (A:B) (Rounded)	65:74			

NA- Not Adopted

#Market Price Method is not applicable to the Demerged Undertaking as the equity shares of MIL are not listed.

** We have not considered it appropriate to determine the value under Cost Approach as the net asset value would not capture the future outlook and the growth potential of the Valuation Subjects.*

Annexure 1B- Approach to Valuation – NK

Basis and Premise of Valuation

Valuation of the equity shares of ARBL and Demerged Undertaking as at the report date is carried out in accordance with ICAI Valuation Standards ("ICAI VS"), considering 'fair value' base and 'going concern value' premise. Any change in the valuation base, or the valuation premise could have a significant impact on the valuation outcome of the Companies.

Basis of Valuation

It means the indication of the type of value being used in an engagement. Fair Value as per ICAI VS is defined as under:

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. Valuation of the Companies is carried out on a Going Concern Value premise which is defined under ICAI VS as under:

"Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc."

It should be understood that the valuation of any company or business or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the company.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that valuers can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

1. Market Approach:
    a) Market Price method
    b) Comparable Companies Market Multiple method
2. Income Approach – Discounted Cash Flow method
3. Asset Approach – Net Asset Value method

We have considered the following commonly used and accepted methods for determining the equity value of ARBL and Demerged Undertaking for the purpose of recommending share entitlement ratio for the Proposed Demerger, to the extent relevant and applicable.

The Valuation Approach adopted by NK is given on subsequent pages:

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1. Market Approach

a) 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. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

In the present case, equity shares of ARBL are listed on NSE and BSE, they are widely held, regularly and frequently traded with reasonable volumes on both the exchanges. We have therefore used the market price approach to value the equity shares of ARBL.

In the present case, we are valuing the Demerged Undertaking of MIL which does not have an independent quoted market price hence we have not used this method to arrive at the fair value of Demerged Undertaking of MIL.

Since in the subject case equity shares of a listed company i.e., ARBL would be issued to the shareholders of unlisted company i.e., MIL, the minimum price at which shares are to be issued is prescribed under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 issued vide notification No. SEBI/LAD-NRO/GN/2018/31 dated 11 September 2018 and as amended from time to time. The regulation reads as under:

The price of equity shares to be issued shall be determined by Regulation 164. The relevant extract of the regulations is:

Regulation 164 (Pricing of frequently traded shares)

*(1) If the equity shares of the issuer have been listed on a recognized stock exchange for a period of ninety trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be **not less than higher of** the following:*

*(a) the **90 trading days** volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date or*

*(b) the **10 trading days** volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.*

The relevant date for the purpose of computing the price of the equity shares of ARBL has been considered to be the date of the board meeting of ARBL approving the Scheme in accordance with the SEBI Circulars relating to schemes of arrangement. We have therefore considered the prices up to a day prior to the relevant date i.e., price up to 25 September 2022, to ensure that the price of ARBL shares being considered for the exchange are not less than the minimum price arrived under the above formula prescribed under Regulation 164.

b) Comparable Companies Multiples ('CCM') Method/ Comparable Transactions Multiples ('CTM') Method

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar

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line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Based on our analysis and discussion with the Management, we understand that there are broad comparable listed companies which operate in a similar line of business and have similar financial/ operating metrics as that of ARBL and Demerged Undertaking, we have therefore used CCM method to determine the equity value of ARBL and Demerged Undertaking.

We have accordingly considered the trading multiples of comparable companies to arrive at equity value of ARBL and Demerged Undertaking.

Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

Based on our analysis and discussion with the Management, we understand that there are no recent comparable transactions, data of which is available in public domain, involving companies of similar nature and having similar operating/ financial metrics as that of ARBL and Demerged Undertaking, we have therefore not used CTM to determine the equity value of ARBL and Demerged Undertaking.

2. **Income Approach – Discounted Cash Flow Method ('DCF')**

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the terminal value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available for distribution to both the owners of and lenders to the business. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

The projected free cash flows are discounted by the Weighted Cost of Capital (WACC) to arrive at the enterprise value. The WACC represents the returns required by the investors of both debt and equity weighed to their relative funding in the entity.

ARBL and Demerged Undertaking of MIL are profit making and generate surplus cash, going forward as well, both are expected to make profits and generate surplus cash, we have therefore used DCF Method to determine the equity value of ARBL and Demerged Undertaking.

3. **Asset Approach - Net Asset Value Method ('NAV')**

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in case where the firm is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

ARBL and Demerged Undertaking presently operate as going concern and would continue to do so for the foreseeable future and NAV Method does not value the future profit generating ability of the business, we have therefore not used this method to determine the equity value of ARBL and Demerged Undertaking.

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The computation of share entitlement ratio for demerger of Demerged Undertaking into ARBL by NK is set out below:

Amount in INR

Valuation approach	ARBL (A) Resulting Company		Demerged Undertaking of MIL (B) Demerged Company	
	Value per share (INR)	Weights (%)	Value per share (INR)	Weights (%)
Market Approach				
-Market Price Method	526.1	33.3%	NA*	0.0%
-Comparable Companies Multiple (CCM) Method	547.2	33.3%	475.9	50.0%
Income Approach - Discounted Cash Flows (DCF) Method	605.4	33.3%	507.2	50.0%
Asset Approach - Net Asset Value (NAV) Method	NA#	0.0%	NA#	0.0%
Relative value per share	**559.6**	**(A)**	**491.6**	**(B)**
Share entitlement ratio (Rounded Off) (B/A)				**0.88**
Recommended share entitlement ratio: (For every 74 equity shares)				**65.0**

NA:Not Adopted

* The Demerged Undertaking does not have an independent quoted market price, we have therefore not considered the market price method to determine the value of Demerged Undertaking.

ARBL and the Demerged Undertaking presently operate as going concern and would continue to do so for the foreseeable future and NAV Method does not value the future profit generating ability of the business, we have therefore not used this method to determine the equity value of ARBL and Demerged Undertaking.

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