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PRABHA ENERGY PRIVATE LIMITED AHMEDABAD

DEEP ENERGY RESOURCES LIMITED

DEEP ONSHORE SERVICES PVT. LTD.

ICON VALUATION LLP | Registered Office: Unit 1, Level 2, B Wing, Times Square,Andheri Kurla Road, Andheri (E), Mumbai – 400059

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STRICTLY PRIVATE AND CONFIDENTIAL

Date: 15th September 2022

Ref: ICON/2022-23/R/Deep

To,

The Board of Directors
Prabha Energy Private Limited
12A & 14, Abhishree Corporate Park,
Ambli Bopal Road, Ambli,
Ahmedabad – 380058

The Board of Directors
Deep Energy Resources Limited
12A & 14, Abhishree Corporate Park,
Ambli Bopal Road, Ambli,
Ahmedabad - 380058

The Board of Directors
Savla Oil and Gas Private Limited
12A & 14, Abhishree Corporate Park,
Ambli Bopal Road, Ambli,
Ahmedabad - 380058

Dear Madam / Sir,

Re: Recommendation of fair equity share exchange ratio for the Proposed Merger of Deep Energy Resources Limited and Savla Oil and Gas Private Limited into Prabha Energy Private Limited

This has reference to terms of our engagement letter Ref: ICON/2022-23/EL/Deep dated 4th May 2022 confirming the engagement of ICON VALUATION LLP with Registered Valuer Entity Registration No. IBBI/RV-E/06/2019/107 **('ICON')** by Prabha Energy Private Limited **('Prabha')**, Deep Energy Resources Limited **('DERL')** and Savla Oil and Gas Private Limited **('SOGPL')**. Prabha, DERL and SOGPL are hereinafter referred to as the **'Client(s)' / 'Company(ies)'**. We enclose the report **(the 'Report')** prepared in connection with the services requested by the Clients.

We provided a draft of the Report to the managements of the Clients. The Report has been reviewed by the managements of the Clients and they have confirmed that the factual information contained in the Report is correct.

The Report is confidential to the Clients and is subject to the restrictions on use as per terms of our engagement. We disclaim any responsibility to any other person / party for any decision of such person / party based on the Report. We draw your attention to the sections titled 'Scope and Purpose' and 'Caveats, Scope Limitations and Disclaimers' included in the Report, wherein we refer to the scope of work and the limitations of the work undertaken. Any person who is not an addressee in the Report is not authorized to have access to the Report. The Report should not be copied or made available in whole or in part to any person other than the Clients without the express written permission of ICON. ICON accepts no responsibility for any reliance that may be placed on the Report should it be used by any party other than the Clients or for any purpose that has not been expressly agreed by ICON. Our name and the Report should not be referred to in any offering, circular or other document, without our prior written permission.

Trust the above is in order.

Yours faithfully,
For **ICON VALUATION LLP**
Registered Valuer Entity Registration Number: IBBI/RV-E/06/2019/107

Aseem Mankodi
Partner
Registered Valuer Registration Number: IBBI/RV/06/2018/10154
Date: 15th September 2022
Place: Mumbai

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Fair Equity Share Exchange Ratio for the Proposed Merger of Deep Energy Resources Limited and Savla Oil and Gas Private Limited into Prabha Energy Private Limited

Valuation Date: 30th June 2022

Report Date: 15th September 2022

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Contents

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SCOPE AND PURPOSE

We understand that the managements of the Companies are exploring the possibility of the merger of DERL and SOGPL into Prabha **(the 'Proposed Merger')**, with effect from the appointed date of 1st April 2022, pursuant to a Composite Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 including any statutory modifications or re-enactments thereof **(the 'Scheme')**.

We have been informed by the Companies that in consideration of the Proposed Merger, the equity shareholders of DERL and SOGPL would be issued equity shares of Prabha.

In connection with the above, the Companies have requested us to render professional services by way of recommendation of the fair equity share exchange ratio for the Proposed Merger **(the 'Ratio')** as at the valuation date of 30th June 2022 **(the 'Valuation Date')** for consideration of the respective Boards of Directors of the Companies.

As requested we have carried out a relative valuation of the equity shares of DERL, SOGPL and Prabha as at the Valuation Date with a view to recommending a fair equity share exchange ratio of the equity shares of Prabha for the equity shares of DERL and SOGPL in the event of the Proposed Merger. The Report recommends, what in our opinion, is a fair equity share exchange ratio for the Proposed Merger and is our deliverable in respect of our recommendation of the fair equity share exchange ratio for the Proposed Merger.

We understand that our Report containing our opinion on the Ratio will be used by the Clients only for the purpose of obtaining regulatory approvals in connection with the Proposed Merger. We hereby give consent to such use of our Report on the basis that we owe responsibility to only the Clients and nobody else, and to the fullest extent permitted by law, we accept no responsibility or liability to any person other than the Clients in connection with the Report. 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 Clients.

The Report does not look into the business / commercial reasons behind the Proposed Merger nor the likely benefits arising out of the same. Similarly, it does not address the relative benefits of the Proposed Merger as compared with any other alternative business transaction or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Companies regarding whether or not to proceed with the Proposed Merger shall rest solely with the Companies. In addition, we express no opinion or recommendation as to how the shareholders or creditors of the Companies should vote at any shareholders' or creditors' meeting(s) to be held in connection with the Proposed Merger.

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SOURCES OF INFORMATION

The valuation was undertaken on the basis of the following information relating to the Companies, furnished to us by the managements of the Clients and information available in public domain:

- Brief description and understanding of the business
- Audited financial statements of the Companies for the 3 years ended 31st March 2021
- Audited results of DERL and audited financial statements of SOGPL and Prabha for the year ended 31st March 2022
- Limited Review results of DERL, unaudited provisional balance sheet of DERL and audited financial statements of SOGPL and Prabha for the 3 months ended 30th June 2022
- Shareholding pattern as at the Valuation Date
- Details of changes in investments and the issued share capital (including corporate actions) of the Companies between the Valuation Date and the date of the Report
- Business Plan of Prabha for a period beginning from the Valuation Date and ending on 31st March 2049
- Draft Scheme for the Proposed Merger
- Discussions with the managements / representatives of the Companies
- Other relevant details

We have also received the necessary explanations, information and representations which we believed were relevant to the present valuation exercise from the managements of the Clients and the necessary time to evaluate the same.

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BACKGROUND

Prabha

Prabha is a private limited company, incorporated on 5th August 2009 and is, inter alia, engaged in business activities relating to exploration and production of oil and gas, coal based methane **('CBM')**, shale, hydrocarbon, on shore and off shore business services. It is a subsidiary of DERL with the balance equity stake held by SOGPL.

As at the Valuation Date, Prabha has rights to extract CBM via 2 CBM Blocks at North Karanpura **('NK')** and Jharia, both located in Jharkhand. In NK, Prabha has a 25% stake based on a production sharing model with ONGC & IOCL. In Jharia, Prabha has a 90% stake based on a revenue sharing model with Bharat Coking Coal Limited.

Prabha, as at the Valuation Date, does not earn any revenues and is expected to start generating revenues from the year ending 31st March 2024.

As at the Valuation Date, Prabha has an issued, subscribed and paid up equity share capital **INR 17.81 million** consisting of 1,780,609 equity shares of INR 10/- each fully paid up.

The shareholding pattern of Prabha as at the Valuation Date is as follows:

Shareholder	No. of equity shares	% shareholding
Deep Energy Resources Limited (including its nominees)	946,563	53.16%
Savla Oil and Gas Private Limited	834,046	46.84%
Total	1,780,609	100.00%

We have been informed that the Scheme envisages the following subsequent to the Valuation Date but prior to the Proposed Merger taking effect:

- Additional 17,806,090 (One Crore Seventy Eight Lakh Six Thousand and Ninety) equity shares of Prabha having face value of INR 10/- (Indian Rupees Ten) each will be issued by way of a bonus issue by Prabha of 10 (Ten) equity shares for 1 (One) equity share held by the existing equity shareholders of Prabha **(the 'Bonus Issue')**.

- Post the Bonus Issue but prior to the Proposed Merger taking effect, each equity share of Prabha having a face value of INR 10/- (Indian Rupees Ten) shall be sub-divided into 10 (Ten) equity shares of Prabha having a face value of INR 1/- (One) each **(the 'Split')**.

Consequently, post the Bonus Issue and the Split, the total number of outstanding equity shares of Prabha as at the date of the Report but prior to the Proposed Merger taking effect works out to 195,866,990 equity shares of INR 1/- each fully paid up.

DERL

DERL, incorporated on 1st January 1991, is a public company whose equity shares are listed on BSE and NSE. DERL was incorporated with the purpose of engaging in the business of conventional and unconventional oil and / or gas and / or CBM and / or shale and / or hydrocarbons comprising of any or all of exploration, production, development, marketing and transportation operations. DERL is the holding company of Prabha.

DERL, as at the Valuation Date, does not have any significant business operations and we have been informed that DERL would derive its value primarily from the value of its investments.

As at the Valuation Date, DERL has an issued, subscribed and paid up equity share capital of **INR 320 million** consisting of 32,000,000 equity shares of INR 10/- each fully paid up.

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The shareholding pattern of DERL as at the Valuation Date is as follows:

Shareholder	No. of equity shares	% shareholding
Promoter and Promoter Group	21,756,845	67.99%
Public	10,243,155	32.01%
Total	32,000,000	100.00%

We have been informed that there has been no change in the issued, subscribed and paid up equity share capital of DERL from the Valuation Date till the date of the Report.

SOGPL

SOGPL is a private limited company, incorporated on 7th October 2009 and was incorporated with the purpose of engaging in the business of exploration, exploitation, development, production, processing, refining, marketing, distribution, retailing, transportation and trading of crude oil, associated gas, coal bed methane, coal mine methane, shale gas and natural gas and all other petroleum / hydrocarbon products including those resulting from the manufacture and treatment of the same.

SOGPL, as at the Valuation Date, does not have any significant business operations and we have been informed that SOGPL would derive its value primarily from the value of its investments.

As at the Valuation Date, SOGPL has an issued, subscribed and paid up equity share capital of SOGPL as at the Valuation Date is **INR 64 million** consisting of 6,393,520 equity shares of INR 10/- each fully paid up.

The shareholding pattern of SOGPL as at the Valuation Date is as follows:

Shareholder	No. of equity shares	% shareholding
Promoter and Promoter Group	6,021,220	94.18%
Others	372,300	5.82%
Total	6,393,520	100.00%

We have been informed that subsequent to the Valuation Date and prior to the date of the Report, SOGPL has allotted 149,123 additional equity shares of INR 10/- each fully paid up by way of a rights issue. Consequently, the total number of outstanding equity shares as at the date of the Report works out to 6,542,643 equity shares of INR 10/- each fully paid up.

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VALUATION STANDARDS

The present valuation exercise has been undertaken based on the ICAI Valuation Standards issued by The Institute of Chartered Accountants of India **(the 'Standards')**.

VALUATION BASE

Valuation base means the indication of the type of value and represents the fundamental premise on which the value will be based.

The Standards define the following valuation bases:

1) Fair Value
2) Participant Specific Value
3) Liquidation Value

In the present case, based on our discussions with the managements of the Clients and the purpose of the valuation, the present valuation analysis is on a going concern basis and is not specific to any identified participant. Accordingly, we have considered a **Fair Value** base for the present valuation exercise.

VALUATION PREMISE

Valuation premise refers to the conditions and circumstances how an asset is deployed.

The Standards define the following valuation premises:

1) Highest and Best Use
2) Going Concern Value
3) As-is-where-is Basis
4) Orderly Liquidation
5) Forced Transaction

In a given set of circumstances, a single premise of value may be adopted while in some situations multiple premises of value may be adopted.

In the present case, as, the present valuation analysis is on a going concern basis we have considered a **Going Concern Value** premise for the present valuation exercise.

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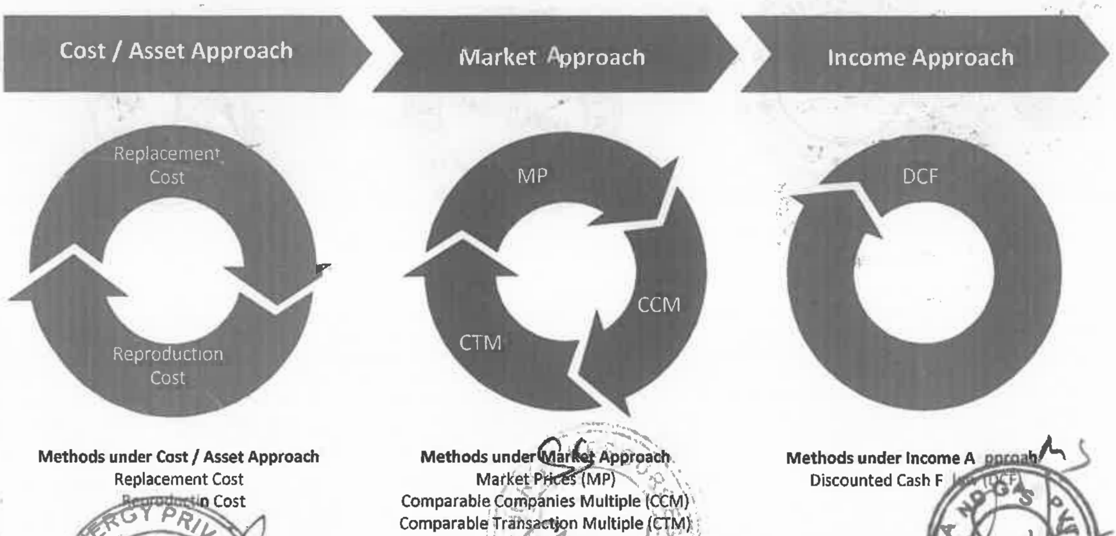
RELATIVE VALUATION APPROACHES & METHODS

The Scheme envisages the Proposed Merger of DERL and SOGPL into Prabha. In consideration thereof, equity shares of Prabha will be issued to the equity shareholders of DERL and SOGPL. Arriving at the Ratio would require determining the relative fair value of the equity shares of Prabha in terms of the relative fair value of the equity shares of DERL and SOGPL i.e. a relative valuation of the equity shares of the Companies. As per the Standards, there are several commonly used and accepted valuation approaches and methods, which can be applied in the present valuation exercise, to the extent relevant and applicable, such as:

1) **Cost / Asset Approach**
    a) Replacement Cost Method
    b) Reproduction Cost Method
2) **Market Approach**
    a) Market Price **('MP')** Method
    b) Comparable Companies Multiple **('CCM')** Method
    c) Comparable Transaction Multiple **('CTM')** Method
3) **Income Approach**
    a) Discounted Cash Flow **('DCF')** Method



Cost / Asset Approach

Valuation Methodology	Applicability
Replacement Cost	▪ Derives the value of a company by reference to the replacement cost of its net assets. Involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence. ▪ Generally appropriate for a company the value of which is derived primarily from its underlying assets rather than its earnings. Also appropriate when assets are intended to be disposed off or when the company no longer meets the going concern criteria. ▪ **As mentioned earlier, DERL and SOGPL do not have significant business operations of their own and would derive their values primarily from the values of their respective underlying investments / assets rather than their earnings. We have hence used this method in the present valuation exercise for the valuation of the equity shares of DERL and SOGPL.** **As Prabha is an operating company, the value arrived at under this method is of relatively less relevance as compared to the value under the income / market approaches. Hence, we have not used this method in the present valuation exercise for the valuation of the equity shares of Prabha.**

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Cost / Asset Approach

Valuation Methodology	Applicability
Reproduction Cost	▪ Derives the value of a company by reference to the reproduction cost of its net assets. Involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence. ▪ Generally appropriate for a company the value of which is derived primarily from its underlying assets rather than its earnings. Also appropriate when assets are intended to be disposed off or when the company no longer meets the going concern criteria. ▪ **In the present case, we have used the above Replacement Cost method forming part of the Cost / Asset Approach as one of the methods for valuation of DERL and SOGPL. Hence, we have not used this method for the valuation of the equity shares of DERL and SOGPL.** **As Prabha is an operating company, the value arrived at under this method is of relatively less relevance as compared to the value under the income / market approaches. Hence, we have not used this method for the valuation of the equity shares of Prabha.**

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Market Approach

Valuation Methodology	Applicability
Market Prices	▪ Based on market prices of shares of the company from recognised stock exchanges over an appropriate period. ▪ Can be adopted only in cases where the company's shares are listed and sufficiently traded on recognised stock exchanges. ▪ **In the present case, the equity shares of DERL are listed and are frequently traded. Consequently we have used this method for the valuation of the equity shares of DERL.** **As the equity shares of SOGPL and Prabha are not listed, we have not used this method for the valuation of the equity shares of SOGPL and Prabha.**
Comparable Companies Multiple	▪ Involves the application of multiples, derived from market prices of comparable listed companies, to the parameters of the company in order to derive a value for the company. ▪ Causes subjectivity due to non-availability of exactly comparable listed companies. ▪ **As mentioned earlier, DERL and SOGPL do not have significant business operations of their own and would derive their values primarily from the values of their respective underlying investments / assets rather than their earnings. Hence, we have not used this method for the valuation of the equity shares of DERL and SOGPL.** **In case of Prabha, the company is yet to start earning revenues and hence we have not used this method for the valuation of the equity shares of Prabha.**

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Market Approach

Valuation Methodology	Applicability
Comparable Transactions Multiple	▪ Involves the application of multiples, derived from prices of transactions in comparable companies, to the parameters of the company in order to derive a value for the company. ▪ Generally difficult to find comparable transactions with complete details available in public domain. ▪ **Based on discussions with the Companies and our independent research, we understand that there are no transactions, with complete details available, in companies which could be considered as closely comparable to the Companies. Hence, we have not used this method in the present valuation exercise.**

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Income Approach

Valuation Methodology	Applicability
Discounted Cash Flow	▪ Involves deriving the value of the company by calculating the present value of expected future cash flows. The cash flows and 'terminal value' are those of the underlying business of company. ▪ Inputs to this method require substantial subjective judgements to be made. ▪ Most scientific method – considers time value of money. ▪ **As mentioned earlier, DERL and SOGPL do not have significant business operations of their own and would derive their values primarily from the values of their respective underlying investments / assets rather than their earnings. Hence, we have not used this method for the valuation of the equity shares of DERL and SOGPL.** **In case of Prabha, considering that Prabha is an operating company and would start earning revenues in the future, we have used this method for the valuation of the equity shares of Prabha based on the Business Plan provided to us by the management of the Clients.**

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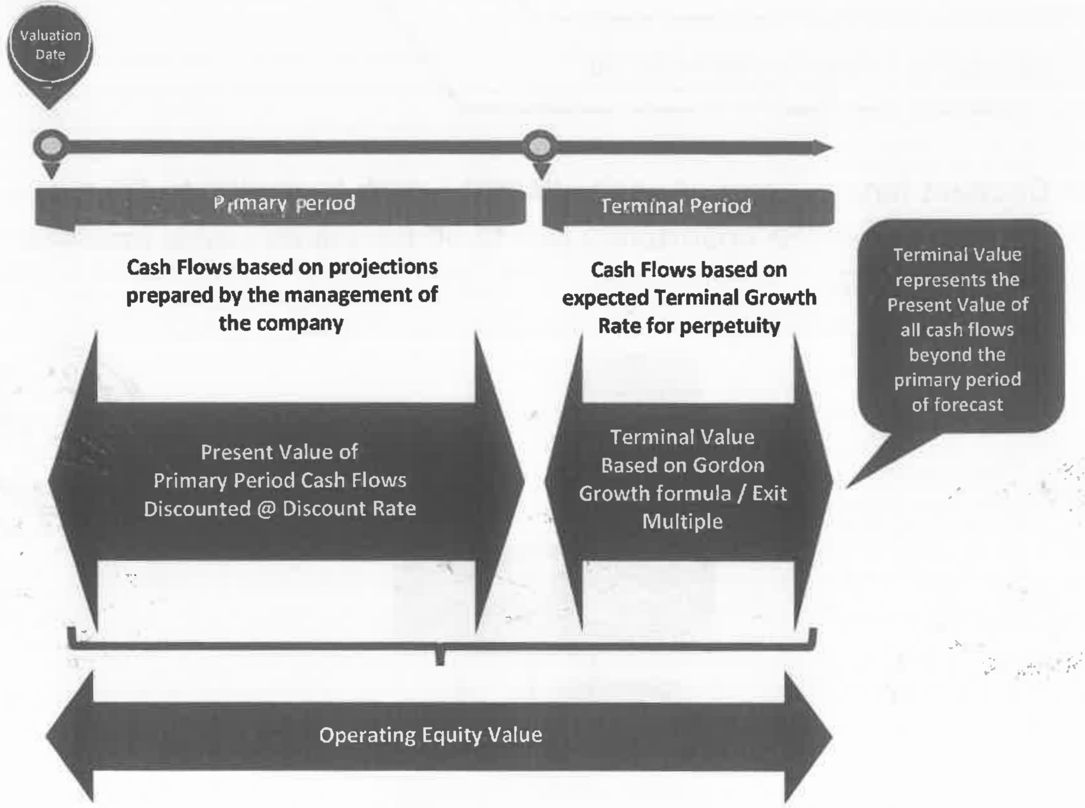
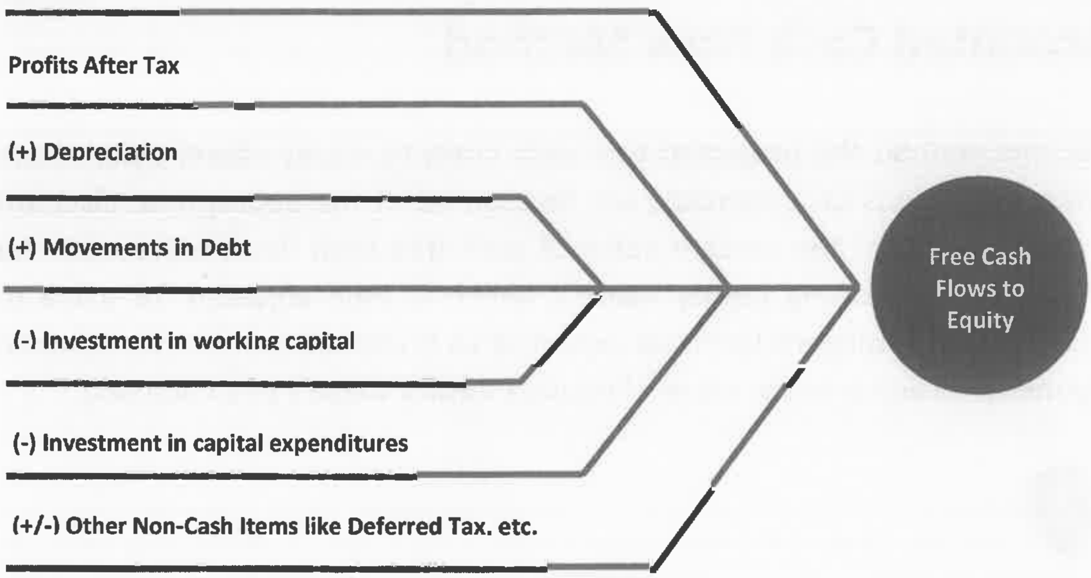
RELATIVE VALUATION ANALYSIS

Discounted Cash Flow Method

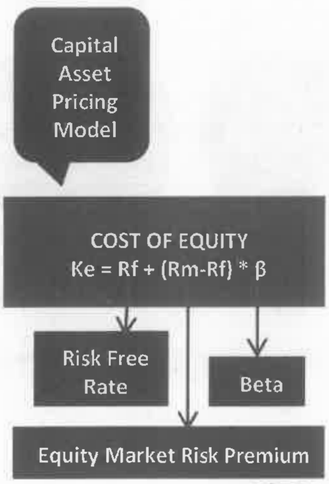
Under this method the projected free cash flows to equity shareholders from business operations of a company are discounted at the appropriate discount rate and the sum of the present value of such free cash flows represents the equity value **('Operating Equity Value')**, which is then adjusted for value of surplus assets, contingent liabilities expected to materialize and other relevant adjustments to arrive at the value of equity **('Equity Value')** of a company.



The Free Cash Flows to Equity for the purpose of DCF are based on projected profits, working capital requirements, capital expenditures and other related items.



The Discount Rate i.e. cost of equity **('COE')**, which is applied to the free cash flows should reflect the opportunity cost to all the equity capital providers viz. equity shareholders.



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Valuation of the equity shares of Prabha based on DCF Method

In the present case, we have carried out a DCF valuation of the equity shares of Prabha considering the following:

- Primary Period beginning from the Valuation Date and ending on 31st March 2049 i.e. up to the date of expected life of the projects based on the Business Plan of Prabha as provided by the managements of the Clients.

- Discount Rate based on Cost of Equity.

- Operating Equity Value, computed based on summation of the present value of free cash flows for Primary Period, has been adjusted for Surplus Cash & Cash Equivalents as provided to us by the managements of the Clients, to arrive at the Equity Value of Prabha as at the Valuation Date of 30th June 2022.

- The managements of the Companies have represented that there are no contingent liabilities or contingent assets that the managements expect to materialize on Prabha as at the Valuation Date.

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Replacement Cost Method

The replacement cost method is based on the value of the underlying net assets of the company, either on a book value basis or realizable value basis or replacement cost basis. This valuation method is mainly used in a case where the company is to be liquidated i.e. it does not meet the 'going concern' criteria or in a case where the asset base dominates earnings capability.

Under this method, the Equity Value of a company is derived by reference to the replacement cost of its net assets considering the cost that a market participant shall have to incur to recreate assets with substantially the same utility (comparable utility) as that of the assets valued, adjusted for obsolescence.

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Valuation of the equity shares of DERL and SOGPL based on Replacement Cost Method

In the present case, as mentioned earlier, the asset base of DERL and SOGPL dominate their earnings capability and hence we have used this method to value the equity shares of DERL and SOGPL.

In the present case, for arriving at the valuation under the Replacement Cost method, we have considered the unaudited provisional balance sheet of DERL and the audited balance sheet of SOGPL as at 30th June 2022. Since DERL and SOGPL have no significant operating activities other than their investments, such investments have been considered at their realizable fair market values. SOGPL's investment in Raas Equipment Private Limited, which has been sold subsequent to the Valuation Date and prior to the date of the Report, has been considered based on the value actually realized on such sale. For all other assets and liabilities, if any, we have considered their respective book values to be representative of their replacement cost, except for the realisable value of Goodwill in the books of DERL, which has been considered as nil, based on discussions with the Clients. We have also been informed that as at the Valuation Date, there are no contingent liabilities or contingent assets that could materially affect the valuation of the equity shares of DERL and SOGPL.

Market Price Method

The market price of an equity share is the barometer of the true value of a company in case of listed companies. The market value of shares of a company quoted on a recognized stock exchange, where quotations are arising from regular trading, reflects the investor's perception about the true worth of the company. The valuation is based on the principle that market valuations arising out of regular trading captures all the factors relevant to the company with an underlying assumption that markets are perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of a recognised stock exchange.

Valuation of the equity shares of DERL based on Market Price Method

In the present case, as mentioned earlier, the equity shares of DERL are listed, and are frequently traded and hence we have used this method to value the equity shares of DERL. For this purpose, to determine the market price, we have considered the market prices based on the relevant formula prescribed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. For this purpose, we have considered market prices of DERL up to and including 14th September 2022.

RECOMMENDATION OF RATIO

The Ratio for the Proposed Merger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company but at their relative values to facilitate the determination of a ratio.

Where different values have been arrived at under different methodologies, for the purpose of recommending a ratio of exchange it would be necessary to arrive at a single value for the shares of each company, for which purpose, it would be necessary to give appropriate weightages to the values arrived at under each methodology.

In the present case, as mentioned earlier,

- In case of DERL, the Replacement Cost Method and the Market Price Method have been used to value the equity shares of DERL. Considering that the equity shares of DERL are listed and frequently traded, we have given higher weightage (2/3rd) to the Market Price Method and lower weightage (1/3rd) to the Replacement Cost Method.
- In case of Prabha, the DCF Method was the only method used to value the equity shares of Prabha.
- In case of SOGPL, the Replacement Cost Method was the only method used to value the equity shares of SOGPL.

The Ratio has been determined on the basis of a relative valuation of the equity shares of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each Company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. Valuation is an art, not an exact science. There will always be factors which are not evident from the face of the balance sheets but which strongly influence the value of an asset, and that is where the valuer's judgment plays a part. The determination of an exchange ratio is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual professional judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the fair share exchange 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 fair share exchange ratio for the Proposed Merger. The final responsibility for the determination of the exchange ratio at which the Proposed Merger shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Merger.

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and referred to in the Report, in our opinion, the fair equity share exchange ratio as at the Valuation Date, after taking into the effect the Bonus Issue and the Split, would be:

- For the Proposed Merger of DERL into Prabha: **11 (Eleven) equity shares of Prabha of INR 1/- each fully paid up for every 8 (Eight) equity shares of DERL of INR 10/- each fully paid up.**

- For the Proposed Merger of SOGPL into Prabha: **71 (Seventy One) equity shares of Prabha of INR 1/- each fully paid up for every 5 (Five) equity shares of SOGPL of INR 10/- each fully paid up.**

Kindly refer the section titled **'Relative Valuation Summary'** for summary of recommendation of the Ratio.

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RELATIVE VALUATION SUMMARY

For the Proposed Merger of DERL into Prabha

Valuation Approach	DERL Equity Value per Share (INR)	DERL Weight (%)	Prabha Equity Value per Share (INR)	Prabha Weight (%)
Cost / Asset Approach	792	33%	NA $	0%
Income Approach	NA *	0%	239	100%
Market Approach	96	67%	NA ^	0%
Relative Value per Share (INR)	328	100%	239	100%
Fair Equity Share Exchange Ratio	8 : 11			

For the Proposed Merger of SOGPL into Prabha

Valuation Approach	SOGPL Equity Value per Share (INR)	SOGPL Weight (%)	Prabha Equity Value per Share (INR)	Prabha Weight (%)
Cost / Asset Approach	3,397	100%	NA $	0%
Income Approach	NA *	0%	239	100%
Market Approach	NA ^	0%	NA ^	0%
Relative Valueper Share (INR)	3,397	0%	239	100%
Fair Equity Share Exchange Ratio	5 : 71			

* DERL and SOGPL do not have significant business operations of their own and derive their values primarily from the values of their respective underlying investments / assets rather than their earnings. Hence, we have not used the income approach for the valuation of the equity shares of DERL and SOGPL.

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^ The equity shares of SOGPL and Prabha are not listed. SOGPL does not have significant business operations of its own and derives its value primarily from the value of its respective underlying investments / assets rather than its earnings. Prabha is yet to start earning revenues. Hence, we have not used the market approach for the valuation of the equity shares of SOGPL and Prabha.

$ Prabha is an operating company, so the value arrived at under the cost / asset approach is of relatively less relevance as compared to the value under the income / market approaches. Hence, we have not used the cost / asset approach for the valuation of the equity shares of Prabha.

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CAVEATS, SCOPE LIMITATIONS AND DISCLAIMERS

The Report is subject to the caveats, scope limitations and disclaimers detailed within the Report. The Report is to be read not in parts, but in totality and in conjunction with the relevant documents referred to in the Report. We had provided a draft of the Report to the managements of the Clients. The Report has been reviewed by the managements of the Clients and they have confirmed that the factual information contained in the Report is correct.

Value Estimate and Actual Price

It should be understood that the price at which investments are made / price paid in a transaction between a willing buyer and a willing seller may differ from the value estimates indicated in the Report due to factors such as the competitive bidding environment, the motivation of parties, negotiation skills of the parties, perception of potential synergies, the structure of the transaction or other factors unique to the transaction. Accordingly, our valuation conclusion may not necessarily be the price at which the final transaction may take place. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in deciding the final transaction price.

Valuation Date

Valuation and results are specific to the purpose of valuation, the valuation base and the valuation premise. The Valuation Date of 30th June 2022 mentioned in the Report is as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Due to possible changes in market forces and circumstances, the Report can only be regarded as relevant as at the Valuation Date of 30th June 2022. The Report should be read on the basis that valuation and results are specific to the Valuation Date and there may be potential for later variations in value due to factors that are unforeseen as at the Valuation Date of 30th June 2022.

The Report is issued on the understanding that the Clients have 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 determination of the Ratio, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the Valuation Date of 30th June 2022. We have no responsibility to update the Report for events and circumstances occurring after the date of the Report.

Restriction on Use

The Report and the information contained therein is absolutely confidential. It is intended only for the sole use and information of the Clients and only for the purpose mentioned viz. obtaining regulatory approvals in connection with the Proposed Merger. The results of the valuation and the Report should not be used or relied by the Clients for any other purpose or by any other party for any purpose. We are not responsible to any other person / party for any decision of such person / party based on the Report. Any person / party intending to provide finance / invest in the shares / business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of the Report or any part thereof other than for the purpose set out earlier in the Report, can be done only with our prior permission in writing. This restriction does not preclude the Clients from providing a copy of the Report to their third-party advisors whose review would be consistent with the intended use.

Responsibility of the Valuer

We do not take any responsibility for the unauthorized use of the Report and in no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Clients, their directors, employees or agents. In no circumstances shall our liability, including that of our partners, relating to the services provided in connection with the engagement set out in the Report, exceed the amount paid to us in respect of the fees charged by us for these services.

Accuracy of Information

We have applied the necessary levels of efforts, diligence and expertise which we believed were relevant and applicable to the present valuation exercise. While our work involved an analysis of financial information and financial statements, it does not constitute or include an audit, due diligence, forensic investigation, review or certification of the historical financial statements of the Companies referred to in the Report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in the Report.

In the course of the valuation, we were provided with both written and verbal information. We have evaluated the information provided to us by the Clients through broad inquiry and analysis (but have not carried out an audit, due diligence, forensic investigation or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Also, we have been given to understand by the managements of the Clients that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by the Clients and their impact on the present exercise.

Achievability of the Business Plan

We express no opinion on the achievability of the budgeted / projected results of Prabha as given to us by the Clients. These budgeted / projected results are the responsibility of the Clients. We were informed that the assumptions used in their preparation, are based on the Clients' present expectations of both – the most likely set of future business events and circumstances and the Clients' management's consequential course of action. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

Data from External Sources

We have also relied on data from external sources / databases for the present valuation exercise. These sources / databases are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources / databases, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context in relation to the present valuation exercise.

Compliance with Relevant Laws

The Report assumes that the Companies fully comply with applicable relevant laws and regulations. Further, the Report has given no consideration to matters of a legal nature. No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and the 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.

The Report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation / transfer pricing laws / standards or as regards any legal, accounting or taxation implications or issues.

Conflict of Interest

We are independent of the Clients and have no current or expected interest in the Clients or their assets. The fee paid for our services in no way influenced the results of our analysis.

ABOUT ICON

ICON VALUATION LLP is a limited liability partnership engaged in rendering valuation services and is a registered valuer under the Companies (Registered Valuers and Valuation) Rules 2017 of the Companies Act 2013, in the category of Securities or Financial Assets.

Mr. Aseem Mankodi and Mr. Devarajan Krishnan, the designated partners of ICON, have worked on this engagement. In addition to being registered valuers, both are also Chartered Accountants and have been specializing in the field of valuations since 2005 and 2008 respectively.

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