VALUATION REPORT

Valuation report for determining the fair Value of equity share & exchange ratio in relation to the Proposed Scheme of
Merger and Reduction

Abstract

The purpose of this Valuation Report is to render valuation to determine the fair equity share exchange ratio in relation to the Proposed Scheme of
Merger and Reduction

i) Jain Recycling Private Limited

ii) Jain Resource Recycling Private Limited

Radhakrishnan K.S. FCA, CISA, Registered Valuer
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Extension II
Kattupakkam
Chennai 600056

Strictly private and confidential **Dated: 14th December 2023**

To,

The Board of Directors **Jain Recycling Private Limited Company(“JRPL”)** 4th Floor, The Lattice Waddels Road, Kilpauk, Chennai 600010	The Board of Directors **Jain Resources Recycling Private Limited(“JRRPL”)** 4th Floor, The Lattice Waddels Road, Kilpauk, Chennai 600010

Dear Sir(s) / Madam(s),

Sub: Fair Equity Share Exchange Ratio Report pursuant to Scheme of Amalgamation

I, Radhakrishnan K S **(“Valuer” or “I” or “me”)**, had been appointed by the Board of Directors of JRPL and JRRPL vide an engagement letter dated December 10, 2023 to recommend a fair share exchange ratio for the proposed amalgamation of Jain Recycling Private Limited Company(“JRPL”) with and into Jain Resources Recycling Private Limited(“JRRPL”) pursuant to a proposed scheme of amalgamation between JRPL and JRRPL and their respective shareholders and creditors **(“the Scheme”).** JRPL and JRRPL shall collectively be referred as **“the Companies”.**

I had submitted my report dated December 14 2023 having a cut-off date for all the financial information used in the valuation exercise as December 12, 2023 and the market parameters have been considered up to December 12 2023.

Premise of Valuation

For the purpose of arriving at the valuation of the Companies, I have considered the valuation base as ‘FairValue’ and the premise of value is ‘Going Concern Value’. Any change in the valuation base, or the premisecould have significant impact on my valuation exercise, and therefore, this report.

I believe that my analysis must be considered as a whole. Selecting portions of my analysis or the factors Iconsidered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

Respectfully Submitted

RADHAKRISHNAN K S
Digitally signed by RADHAKRISHNAN K S

Radhakrishnan K S
Registered Valuer
IBBI/RV/16/2023/15468
ICAI Membership : 244038

Date: 14 December 2023
UDIN: 24244038BKFTUG2588

Radhakrishnan KS IBBI/RV/16/2023/15468 Registered Valuer

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1. BACKGROUND & RATIONALE OF THE SCHEME OF AMALGAMATION

BACKGROUND

1.1 The Scheme of Amalgamation **("the Scheme")** as more particularly defined hereinafter is under theprovisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

1.2 The Scheme provides for amalgamation of Jain Recycling Private Limited Company("JRPL") with and into Jain Resources Recycling Private Limited("JRRPL") pursuant to a proposed scheme of amalgamation between JRPL and JRRPL and their respective shareholders and creditors ("the Scheme"). JRPL and JRRPL shall collectively be referred as "the Companies"..

1.3 Appointed date shall mean the opening hours of April 1 2024 or such other date as may be agreed by the Board of directors of Companies and approved by the National Company Law Tribunal **("NCLT")** or as directed or imposed by the NCLT.

RATIONALE

1.4 Companies are engaged in the similar line of business. The amalgamation will ensure creation of a combined entity, hosting all products under the Transferee Company thereby resulting in on-time supplies, efficiency of management and maximizing value for the shareholders.

1.5 The Companies believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the JRPL and JRRPL pooled in the mergedentity, will lead to optimum use of infrastructure, cost reduction and efficiencies, productivity gainsand logistic advantages and reduction of administrative and operational costs, thereby significantlycontributing to the future growth and maximising shareholder value.

1.6 The proposed amalgamation would be in the best interest of the Companies and their respective shareholders, employees, creditors, customers and other stakeholders as the proposed amalgamationwill yield advantages as set out, *inter alia*, below:

- The Transferor Company and Transferee Company are under the same management and the Amalgamation will ensure focused management in the combined entity thereby resulting in efficiency of management and maximising overall shareholder value;

- The Amalgamation will result in consolidation of the businesses of the companies resulting in expansion of the consolidated business and creation of greater value for shareholders and all other stakeholders;

- It is considered prudent and more appropriate to consolidate similar line of business in one entity. The Amalgamation will lead to simplification of group structure by eliminating multiple companies in similar business, thus enabling focus on core competencies;

- The Amalgamation is based on leveraging the significant complementarities that exist amongst the Parties to the Scheme given that the sourcing / procurement of the scrap for processing can be centralised and aggregated and the scrap generated by either of the Party can be used / processed by the other Party.

- The Amalgamation would create meaningful value for various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, balance sheet resiliency and the ability to drive synergies across the manufacturing process and operating efficiencies, amongst others.

1.7 Simplification of management structure, elimination of duplication and multiplicity of compliancerequirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs).

1.8 Efficient tax planning at the combined entity level.

1.9 Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement.

2. BACKGROUND OF THE COMPANIES

2.1 JRPL

Jain Recycling Private Limited was incorporated on January 10, 2020, by way of conversion of Jain FGL Metal Industries, a partnership firm, into a private limited company under the provisions of the Companies Act, 2013 (hereinafter referred to as the "**Act**") with corporate identification number U27200TN2020PTC133771 and having its registered office at Old No. 7/1, New No. 20, 4th Floor, Waddels Road, Kilpauk, Chennai – 600010, (hereinafter referred to as the "**Transferor Company**"). The Transferor Company is primarily into recycling of wiring cables and shredded cables to produce copper scrap. As a forward integration, it also melts in-house produced copper scrap and bought out copper scrap to make refined copper billets. The Transferor Company also has a plastic recycling facility wherein the plastic scrap generated from recycling of cable scrap are used to make Plastic granules.

2.2 JRRPL

Jain Resource Recycling Private Limited was incorporated on February 25, 2022, by way of conversion of Jain Metal Rolling Mills, a partnership firm, into a private limited company under the provisions of the Act with corporate identification number U27320TN2022PTC150206 and having its registered office at Old No. 7/1, New No. 20, 4th Floor, Waddels Road, Kilpauk, Chennai – 600010 (hereinafter referred to as the "**Transferee Company**"). The Transferee Company is primarily into recycling of Lead and Copper. For Lead recycling, it uses lead acid battery scrap and different sorts of lead scrap as raw material to produce refined lead ingots and lead alloy ingots. For Copper recycling, it uses lead copper cables, aluminium copper cables and different sorts of copper scrap as input to produce refined copper billets, copper wire and processed copper raw material for conductor and pigmentation industries.

3. CAPITAL STRUCTURE & SHAREHOLDING PATTERN

3.1 JRPL

The issued and subsribed equity share capital of JRPL as at December 12, 2023 is as under under:

Authorized Share Capital	Rs. 6,50,00,000
1) 11,61,160 Equity shares of Rs. 10 each	
2) 43,18,840 0.01% CCRPS of Rs. 10 each	
3) 10,20,000 0.01% OCRPS Rs. 10 each	
Issued and Paid up Share Capital	Rs. 5,93,95,190
1) 11,61,160 Equity shares of Rs. 10 each	
2) 37,58,359 0.01% CCPS of Rs. 10 each	
3) 10,20,000 0.01% OCRPS Rs. 10 each	

The aforesaid equity share capital is held as follows:

Sr. No.	Shareholder	Percentage
1	Promoter and Promoter group	100.00%
2	Public	0.00%
	Total	**100.00%**

3.2 JRRPL

The issued and subsribed equity share capital of JRRPL as at December 12, 2023 is as under under:

Authorized Share Capital:	Rs. 43,55,00,000
1) 4,10,50,000 Equity shares of Rs. 10 each	
2) 25,00,000 0.01% OCRPS of Rs. 10 each	
Issued and Paid up Share Capital:	Rs. 43,23,16,410
1) 4,10,25,641 Equity shares of Rs. 10 each	
2) 22,06,000 0.01% OCRPS of Rs. 10 each	

The aforesaid equity share capital is held as follows:

Sr. No.	Shareholder	Percentage
1	Promoter and Promoter group	100.00%
2	Public	00.00%
	Total	**100.00%**

4. CONTEXT AND PURPOSE

4.1 As informed to me by management of the companies and based on my perusal of the Scheme, I understand that pursuant to the Scheme and all the necessary approvals and fulfillment of conditionsas specified in the Scheme, JRRPL, the Transferee Company shall be required to issue new Equity shares to the shareholders of JRPL and shall require to comply with the provisions of section 230 to 232 and other relevant provisions of the Companies Act, 2013, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the applicable provisions.

4.2 I have been appointed in this regard to determine and recommend the fair equity share exchange ratio for the amalgamation of JRPL into JRRPL.

5. REGISTERED VALUER

I am a fellow member of The Institute of Chartered Accountants of India **('ICAI')** practicing as a sole proprietor. I am also registered with the Insolvency and Bankruptcy Board of India **('IBBI')**, as a Registered Valuer for asset class – 'Securities or Financial Assets' with registration no. IBBI/RV/16/2023/15468. I have been hereinafter referred toas 'Valuer' or 'I' or 'me' in this Report ('Valuation Report' or 'Report').

6. CONDITIONS, MAJOR ASSUMPTIONS, EXCLUSIONS AND LIMITATIONS

6.1 My report dated December 14 2023, issued for this Scheme was for the same purpose and containeda valuation of the Companies and consequent share exchange ratio for the proposed scheme based on management certified provisional financial statements as on December 12, 2023 as well as Financial Projections for the year ending March 31, 2024, March 31, 2025 and March 31, 2026 and March 31, 2027 provided to me for the purpose of the valuation and to arrive at the fair share exchange ratio, other facts, circumstances, assumptions and limitations articulated in the said report. The fairshare exchange ratio arrived at for the proposed Scheme was as on the date of the said report and should not be relied on or referred to going forward by anyone whatsoever.

6.2 I have not audited, reviewed, or compiled the financial statements of the Companies and express noassurance on them. I acknowledge that I have no present or contemplated financial interest(Direct/Indirect) in the Companies. My fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

6.3 I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation

analyst, by reason of performing this valuation and preparing this report, is not to be required to giveexpert testimony nor to be in attendance in court or at any government hearing with reference to thematters contained herein, unless prior arrangements have been made with the valuation professionalregarding such additional engagement.

6.4 This report, its contents, and analysis herein are specific to i) the purpose of valuation agreed as perthe terms of my engagement, ii) the report date and iii) are based on the provisional financial statements as on December 12, 2023 as well as Financial Projections for the year ending March 31, 2024, March 31, 2025 and March 31, 2026 and March 31, 2027.

6.5 The management of the Companies have represented that the business activities of the Companies have been carried out in the normal course between December 12, 2023 and the Report date and that no material changes have occurred in their respective operations and financial position between December 12, 2023 and the Report date.

6.6 This report and the information contained herein are absolutely confidential and are intended for theuse of management and representatives of the Companies for providing selected information and only in connection with purpose mentioned above or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, NCLT and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or inpart, in correspondence or in discussion with any other person except to whom it is issued without my written consent. In the event, the Companies or their management or their representatives intendto extend the use of this report beyond the purpose mentioned earlier in this report, with or withoutmy consent, I will not accept any responsibility to any other party to whom this report may be shownor who may acquire a copy of the report.

6.7 I have not attempted to confirm whether all assets of the business of the companies are free and clearof liens and encumbrances, or that the owner has good title to all the assets. I have also assumed thatthe business of the Companies will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.

6.8 I have been informed by management of Companies that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business of company, except as may be disclosed elsewhere in thisreport. I have assumed that no costs or expenses will be incurred in connection with such liabilities,if any.

6.9 This report is based on the information received from the sources mentioned herein and discussionswith the representatives of the Companies. I have assumed that no information has been withheld that could have influenced the purpose of my report.

6.10 The exchange ratio expressed in this report pursuant to valuation of the Companies is based on the Going Concern assumption.

7. VALUATION DATE

The cut-off date for all the financial information used in the present valuation exercise has been considered on December 12, 2023 and the market parameters have been considered up to December 12, 2023.

8. PREMISE OF VALUE

The premise of Value is “as a going concern”.

9. SOURCES OF INFORMATION

For the purpose of the report, following documents, and/or information published or provided by the management and representatives of the Companies have been relied upon:

From the Managements

9.1 Brief history & brief note on the business profile of the Companies.

9.2 Provisional Financial Statements for the period ended from April 1 2023 to December 12 2023 JRPL and JRRPL.

9.3 Financial Projections for the period financial years ending March 31, 2024, March 31 2025, March 31 2026 and March 31 2027 of JRPL financial years ending March 31, 2024 March 31 2025, March 31 2026 and March 31 2027 of JRRPL.

9.4 Capital structure and Shareholding pattern as of December 12, 2023 of both Companies as presented in the draft scheme proposed to be furnished to NCLT

9.5 Draft Scheme of arrangement.

9.6 Discussion with the management of the Companies and representatives of the Companies including necessary information, explanations and representations provided by the management and representatives of the Companies.

9.7 Interest rates for term unsecured term loans for the purpose of computation of cost of debt for JRPL.

9.8 List of Comparable Companies of JRRPL and JRPL.

9.9 Management representation letter dated December 14, 2023.

From publicly available sources

9.10 Risk free rate **("Rf")** for the purpose of computation of cost of equity – RBI Website https://www.rbi.org.in/Scripts/BS_NSDPDisplay.aspx?param=4. 10 year bond yield as at December 1, 2023.

9.11 Rate of Return of Markets and Beta – Nifty Indices website, Nifty Indexogram for Nifty Metals index (which in my opinion represents the closest comparable companies since the company is in the business of Manufacturing ferrous and Non ferrous products from Scrap collected along with Plastic recycling

The Nifty Index Indexogram can be downloaded from https://www.niftyindices.com/indices/equity/sectoral-indices/nifty-metal

9.12 Comparable Companies data – Screener.in and respective company's Annual Reports and Half yearly results for the six months ended September 30, 2023. Further Share Price data has been compiled from BSE website.

10 VALUATION STANDARDS

The Report has been prepared in compliance with the Valuation standards adopted by ICAI Registered Valuers Organisation as well as International Valuation Standards issued by International Valuation Standards Council (**'IVS'**).

11 PROCEDURES ADOPTED

In connection with this exercise, I have adopted the following procedures to carry out the valuationof the Companies:

11.1 Requested and received information as stated in Sources of Information section in this Report.

11.2 Obtained data available in public domain.

11.3 Undertook industry and market analysis such as researching publicly available market dataincluding economic factors and industry trends that may impact the valuation.

11.4 Discussion (over call) with the respective management and representatives of the Companies to understand relevant aspects that may impact the valuation.

11.5 Sought various clarifications from the respective management and representatives of theCompanies based on my review of information shared and my analysis.

11.6 Selection of valuation methodology/(ies) as per Valuation Standards adopted by ICAI RegisteredValuers Organisation as well International Valuation Standards accepted by IVS.

11.7 Determined the fair equity share exchange ratio based on the selected methodology.

12 VALUATION METHODOLOGY AND APPROACH

12.1 The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts andneither being under any compulsion to act.

12.2 Valuation of a business is not an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgement taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While I have provided my recommendation of the fair equity share exchange ratio pursuant to the proposed scheme of the Companies based on the financial and other information available to me and within the scope and constraints of my engagement, others may have a differentopinion. The final responsibility for determination of the fair equity share exchange ratio is of the management of the Companies who takes into account other factors such as their own assessment of the companies and input of other advisors.

12.3 The valuation exercise involves selecting methods suitable for the purpose of valuation, by exerciseof judgment by the Valuers, based on the facts and circumstances as applicable to the business of the Companies to be valued. There are several commonly used and accepted methods for determining the fair value of equity which have been considered in the present case, to the extent relevant and applicable, including:

12.4 Cost Approach:

Cost approach focuses on the net worth or net assets of a business.

(A) Net Asset Value (NAV) method

The Net Assets Value (NAV) method, widely used under the Cost approach, considers the assets and liabilities as stated at their book values. The net assets, after reducing the dues to the preferenceshareholders, and contingent liabilities, if any, represent the value of the Company to the equity Shareholders. This valuation approach is mainly used in case where the assets base dominates earnings capability or in case where the valuing entity is a holding Company deriving significant value from its assets and investments.

(B) Adjusted Net Asset Value Method ("Adjusted NAV")

Adjusted NAV method is a version of NAV method wherein assets and liabilities are considered attheir realizable (market) value including intangible assets and contingent liabilities, if any, which are not stated in the Statement of Assets and Liabilities. Under this method, adjustments are made to the company's historical balance sheet in order to present each asset and liability item at its respective fair market value. The difference between the total fair market value of the adjusted assets and the total fair market value of the adjusted liabilities is used to value a company. The value arrived at under this approach is based on the financial statements of the business and may be defined as Net-worth or Net Assets owned by the business.

This valuation approach is mainly used in case where the Company is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise.

12.5 Market Approach:

(a) Market Price Method

The market price of an equity shares 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 shares.

(b) Comparable Companies Market Multiple (CCMM) Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficultyhere is in the selection of a comparable company since it is rare to find two or more companies withthe same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an exact match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued bypublic markets. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for exceptions and circumstances. Generally used multiples are Price to Book Value/(P/BV Multiple), Price to Earnings per Share (P/E Multiple)

To arrive at the total value available to the stakeholders, the value arrived under CCMM method if calculated by P/BV and P/E is adjusted for debt, (net of cash and cash equivalents), surplus non-operating investments and contingent liabilities if any. I have considered companies as mentioned below in this report

(c) Comparable Companies Transactions Multiple (CTM) Method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

12.6 Income Approach:

The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method underthis approach is discounted cash flow method.

Maintainable Profit Method (Discounted Cash Flows – "DCF")

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows inthe future. The free cash flows are projected for a certain number of years and then discounted at adiscount rate that reflects a company's cost of capital and the risk associated with the cash flows itgenerates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the periodof projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

13 VALUATION OF COMPANIES

VALUATION OF JRPL

13.1 Based on the information and explanations received from management of the JRPL and based onmy perusal of the Scheme, I understand that the Scheme is proceeded with, on the assumption thatthe JRPL is amalgamating as a going concern and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on net asset basis being of limited relevance. Therefore, I have not used the NAV / Adjusted NAV method for valuation of JRPL.

13.2 Further, as informed to me, there are comparable listed peers as well as comparable companiestransactions for JRPL and JRRPL of similar specifications, features and financial data etc(ferrous and non ferrous metal processing). The companies That I used for comparison are as follows.

#	Company	Business	Considered for Average
		JRPL Comparable Companies	
1	Bhagyanagar India Limited	Manufacture of Copper products to OEMs from Copper scrap and Copper	Yes
2	Hindustan Copper Limited	PSU undertaking engaged in benefication, smelting, refining, casting of refined copper metal and converting into saleable products.	Yes
		JRRPL Comparable Companies	
1	Pondy Oxides & Chemicals Limited	Lead Scraps of various forms into Lead Metal and Alloys	Yes
2	Gravita India Limited	Lead, Aluminium and Plastic Recycling	Yes
3	POCL Enterprises Ltd	Lead and Zinc Alloys and Additives using scrap materials	Yes

Following are the results based on workings

JRRPL Comparable Results		Price to Book		Price to Earnings	
Company	Major Revenue from	Sep-23	Mar-23	Sep-23	Mar-23
Bhagyanagar India Ltd	Manufacture of Copper products to OEMs from Copper scrap and Copper	1.08	1.08	2.44	11.89

JRRPL Comparable Results		Price to Book		Price to Earnings	
Company	**Major Revenue from**	**Sep-23**	**Mar-23**	**Sep-23**	**Mar-23**
Hindustan Copper Ltd	PSU undertaking engaged in benefication, smelting, refining, casting of refined copper metal and converting into saleable products.	5.56	5.01	73.10	35.34
Average of March and September 2023*			**3.18**		**30.69**

JRRPL Comparable Results		Price to Book		Price to Earnings	
Company	**Major Revenue from**	**Sep-23**	**Mar-23**	**Sep-23**	**Mar-23**
Pondy Oxides & Chemicals Ltd	Lead Scraps of various forms into Lead Metal and Alloys	0.88	1.21	24.18	4.22
Gravita India Limited	Lead, Aluminium and Plastic Recycling	6.56	4.13	19.88	12.12
POCL Enterprises Ltd	Lead and Zinc Alloys and Additives using scrap materials	1.66	1.21	7.31	4.83
Average of March and September 2023*			**2.61**		**12.09**

* Average of March 2023 and September 2023 is taken since that will represent most recent market trend where Book Value and Earnings parameters are available.

Jain Recycling Private Limited and Jain Resources Recycling Private Limited
Computation of share price based on Comparable Company's Market Multiple

	Weights	Average	Respective Values (12/12/2023) JRPL	Value of JRPL	Average	Respective Values (12/12/2023) JRRPL	Value of JRRPL
Price to book Value	50%	3.18	1,018.84	3,240.81	2.61	52.57	137.03
Price to Earnings Ratio	50%	30.69	128.24	3,935.66	12.09	25.49	308.18
Price to Book Value(Weight*Value) (A)				1,620.41			68.52
Price to Earnings(Weight*Value) (B)				1,967.83			154.09
Share price before adjustment to lack of marketibility and comparability (A)+(B)				3,588.23			222.61

Jain Recycling Private Limited and Jain Resources Recycling Private Limited
Computation of share price based on Comparable Company's Market Multiple

	Weights	Average	Respective Values (12/12/2023) JRPL	Value of JRPL	Average	Respective Values (12/12/2023) JRRPL	Value of JRRPL
Discount for Lack of Marketibility (15%)				538.24			33.39
Discount for Comparision Bias with Listed Companies in similar but not in same business(40% for JRPL and 10% JRRPL)				1,435.29			22.26
Share Price based on comparable companies				1,614.71			166.95

13.3 From the Networth and Earnings per share, the value of repayment and cancellation proposed to be made to the the compulsorily convertible preference shares and optionally convertible preference shares of JRPL and optionally convertible preference shares of JRRPL is proposed to be repaid and reduced in line with section 66 of companies act is reduced to arrive at the Value of Equity shares based on comparable companies.

13.4 Since JRPL and JRRPL are not listed on any Indian Stock Exchanges; a lack of marketability discount at 15% and comparison bias discount (for comparison with similar companies and not exact structures) of 40% and 10% respectively are made as valuation adjustments.

13.5 A Higher Discount is given for JRPL since the comparables listed in the Market do not exactly represent the risk and product profile of the company.

14. DCF Approach for valuation of JRPL and JRRPL

14.1 DCF method under Income Approach has been considered for valuation of JRPL since its value lies in the future potentials from its business. I have relied on the financial projections starting from April 1 2023 to March 31, 2024 and for FY 2024-25 to FY 2026-27 and Financial statements for the period April 1 2023 to December 12, 2023 and as at December 12, 2023 as received from the management of JRPL and JRRPL dated December 19, 2023 and December 20, 2023.

14.2 In this approach the valuation would primarily be based on the present value of future cash flows by discounting such future cash flows using an appropriate rate of discounting. Broad steps followed to derive the value under this approach are described as under:

- I have considered the Projected Net Profit after tax of JRPL and JRRPL for future period starting from December 12, 2023 to March 31, 2024 and for FY 2024-25 to FY 2026-27 as received from the managements of the JRPL and JRRPL.

- I have made adjustments in relation to Depreciation, Finance cost (net of tax saving), Incremental Working Capital and Incremental Capital Expenditure so as to arrive at the Free cash flows available to firm **("FCFF")** in the respective future period / years.

- The value beyond the explicit forecast period is considered to get the Enterprise Value on a going concern basis. Nominal Growth rate of 4 % p.a. is considered in Terminal Value.

- FCFF for projected period / years and the terminal value are discounted using the Weighted Average Cost of Capital **("WACC")** as the discounting factor to arrive at their Net Present Value of the entity **("Enterprise Value")** as at the Valuation date.
- From the Enterprise Value, value of Net debt(Borrowings as reduced by Cash and cash equivalents and current investments) as of the valuation date is reduced. Further, based on the reading of the draft scheme, the compulsorily convertible preference shares and optionally convertible preference shares of JRPL and JRRPL is proposed to be repaid and reduced in line with section 66 of companies act. The amount payable is reduced from value of the entity to arrive at the value of equity.
- Further, a portion of Convertible Preference Shares held by a party(Howen Fund) is proposed to be purchased by JRRPL, post merger these shares will be cancelled due to mutual owings.

- The aggregate of such NPV of FCFF and Terminal Value is the Discounted Free Cash Flows as at the Valuation date.

- Value of equity as computed above has been then divided by the number of Equity Shares of JRPL and JRRPL as on the Valuation date to arrive at the Value per Equity Share as at the Valuation date.

- Refer Annexure – A for the underlying workings on valuation of JRPL and JRRPL based on DCF Method.

15 BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

15.1 The basis of the fair equity share exchange ratio pursuant to the Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove andto arrive at a final value for the shares of each company. It is, however, important to note that in doing so, I am not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair equity share exchange ratio.

15.2 I have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus of the fair equityshare exchange ratio, rounding off have been done in the values (up to two decimals).

15.3 The fair equity share exchange ratio has been arrived at on the basis of a relative valuation based on the various approaches/methods explained above and various qualitative factors relevant to eachCompany having regard to information base, key underlying assumptions and limitations. For this purpose, I have assigned appropriate weights to the values arrived at under each approach/method.

16 CAVEATS

16.1 Provision of valuation recommendations and considerations of the issues described herein are areasof my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by me.

16.2 My review of the affairs of the Companies and their books and account does not constitute an auditin accordance with Auditing Standards. I have relied on explanations and information provided bythe Management and representatives of the Companies and accepted the information provided to me as accurate and complete in all respects. Although, I have reviewed such data for consistency and reasonableness, I have not independently investigated or otherwise verified the data provided.Nothing has come to my attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.

16.3 The report is based on the details and information provided to me by the Management and representatives of the Companies and thus the responsibility for the assumptions on which they arebased is solely that of the Management of the Companies and I do not provide any confirmation orassurance on these assumptions. Similarly, I have relied on data from external resources. These sources are considered to be reliable and therefore, I assume no liability for the accuracy of the data. I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

16.4 The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared except as stated in the purpose statement of this document. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of my engagement.

16.5 The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.

16.6 The Valuation Analysis contained herein represents the fair equity share exchange ratio only on thedate that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Companies has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

16.7 My valuation analysis should not be construed as investment advice; specifically, I do not expressany opinion on the suitability or otherwise of entering into any transaction with the Companies.

17 VALUATION AND CONCLUSION

Based on the foregoing data, considerations and steps followed, I consider the recommendation of fair equity share exchange ratio for amalgamation of JRPL into JRRPL as follows:

Computation of fair equity share exchange ratio

Jain Recycling Private Limited and Jain Resources Private Limited
Computation of Fair Market Value of Shares and proposed Swap Ratio

		JRPL			JRRPL	
	Weights allocated	Value as per Valuation Workings	Weighted Valuation	Weights Allocated	Value as per Valuation Workings	Weighted Valuation
Valuation Approach						
Income Approach						
Discounted Cash Flow Method	80%	1,485.55	1,188.44	70%	46.63	32.64
Cost Approach						
Net Asset Value	0%	NA			NA	
Market Approach						
Comparable Companies Market Multiples Approach	20%	1,614.71	322.94	30%	166.95	50.09
Market Price Method	0%	NA			NA	
			1,511.38			**82.73**

Swap Ratio **18.27**

18.27 Shares of JRRPL for every share held in JRPL

Annexure A – Valuation of JRPL and JRRPL as per DCF Method

Jain Recycling Private Limited ('JRPL')
Valuation of equity shares for determining the fair exchange ratio of equity sharesDiscounted Cash Flow Method
As at December 12, 2023

Particulars		Rs.(Lakhs)	
Discounted Cashflows		15,028.57	
Terminal Value		36,469.27	
Value of Net Debt(Net of Cash)		-18,840.45	
Total Value of the company		32,657.39	
Discount for lack of Marketibility(15%)		4,898.61	
Discount for Loss in Control(20%)			the Ultimate control still vests with Mr. Kamlesh Jain who holds more than 90%+ shares
Repayment and reduction of Convertible instruments as per the scheme			
CCRPS	7,500.13		
OCRPS	3,009	10,509.13	
Value of Equity		17,249.66	
Number of Equity Shares		11,61,160.00	
Value per Equity Share		1,485.55	

Jain Resources Recycling Private Limited ('JRRPL')

Valuation of equity shares for determining the fair exchange ratio of equity sharesDiscounted Cash Flow Method

As at December 12, 2023

(All amounts in INR lakhs except per share data)

Computation of Value per equity share		Rs.(lacs)	
Discounted Cashflows(Till March 2027)		15,460.54	
Terminal Value		39,578.91	
Value of Debt(net of cash balances)		-29,004.41	
Total Value of the company		26,035.03	
Discount for lack of Marketibility(15%)		3,905.25	
Discount for Loss in Control(20%)			the Ultimate control still vests with Mr. Kamalesh Jain who holds 90 %+ shares post merger, hence no adjustment is warranted
Value or Optionally Convertible preference shares		3,000.16	
Value of Equity		19,129.62	
Number of Equity Shares		4,10,25,641.00	
Value per Equity Share		46.63	