

## Dhwanit Kashyap Vaidya

Registered Valuer for Securities or Financial Assets  
IBBI/RV/06/2019/11411

September 28, 2020

To,  
The Board of Directors,  
Jupiter Wagons Limited  
4/2, Middleton St., Kankaria Estates,  
Park Street Road, Kolkata,  
West Bengal-700071.

To,  
The Board of Directors,  
Commercial Engineers & Body Builders Co.  
Limited,  
48, Vandna Vihar, Narmada Road,  
Gorakhpur, Jabalpur  
Madhya Pradesh- 482001

**Sub: Recommendation of Fair Equity Share Exchange Ratio for the purpose of proposed amalgamation of Jupiter Wagons Limited into and with Commercial Engineers & Body Builders Co. Limited.**

Dear Sir/Madam,

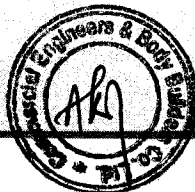
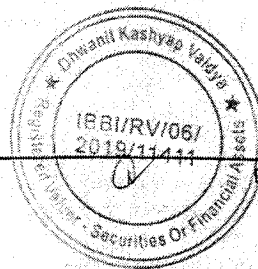
I, Dhwanit Kashyap Vaidya (hereinafter referred to as 'RV' or 'We') have been engaged vide engagement letter dated August 28, 2020 by Jupiter Wagons Limited (hereinafter referred to as 'JWL' or 'Amalgamating Company') and Commercial Engineers & Body Builders Co. Limited (hereinafter referred to as 'CEBBCO' or 'Amalgamated Company') (CEBBCO and JWL are collectively referred to as the 'Companies') to recommend the fair equity share exchange ratio for the proposed amalgamation of JWL into and with CEBBCO, pursuant to a scheme of amalgamation under the provisions of Section 230-232 and other applicable provisions of the Companies Act, 2013 and other applicable securities and capital market laws and rules, to the extent applicable ('Proposed Transaction'). We understand that the proposed amalgamation of JWL into and with CEBBCO shall be on a going concern basis with effect from October 01, 2019 or such other date as may be mutually agreed between the Amalgamating Company and the Amalgamated Company ('Appointed Date')

In the following paragraphs, we have summarized our valuation analysis along with description of methodologies used and limitations and disclaimers on our scope of work.

### 1. BACKGROUND OF COMPANIES

#### 1.1. Commercial Engineers & Body Builders Ltd.

CEBBCO manufactures vehicle bodies for commercial vehicle, freight wagons and components for wagon and locomotives with manufacturing facility at Jabalpur, Indore and Jamshedpur. CEBBCO product portfolio comprises of tipper bodies, tanker bodies, tip trailer, cargo load bodies, water tank bodies, troop carrier vehicle bodies, wagon etc. The equity shares of CEBBCO are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") (the NSE and the BSE are collectively referred to as the "Stock Exchanges"). CEBBCO had reported revenue of 12,903.74 Lakhs and loss of INR 41.34 Lakhs for the year ended 31<sup>st</sup> March 2020.



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The issued, subscribed and paid-up equity share capital of CEBBCO as at August 31, 2020 stood at INR 8,948.27 Lakhs, comprising of 8,94,82,657 equity shares of face value of INR 10 each, and the summarized shareholding pattern as on August 31, 2020 is as follows:

Shareholder Category	No. of Equity Shares	Holding %
I. Promoter and Promoter Group	5,42,67,871	60.65%
II. Public	3,52,14,786	39.35%
Total	8,94,82,657	100.00%

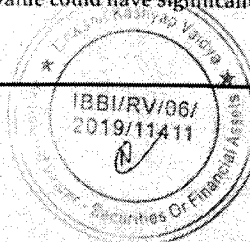
### 1.2. Jupiter Wagons Ltd.

JWL manufactures railway wagons, passenger coaches, wagon components and casting in India. The manufacturing facility of the JWL is located at Chinsurah, Sahaguni and West Bengal. JWL had reported revenue of INR 81,355 Lakhs and profit of INR 3,941 Lakhs for the year ended March 31, 2020. The issued, subscribed and paid-up equity share capital of JWL as at August 31, 2020 stood at INR 614.57 Lakhs, comprising of 61,45,764 equity shares of face value INR 10 each.

### 2. SCOPE AND PURPOSE OF REPORT

- 2.1. Management of JWL and CEBBCO ("Management/s") are contemplating the Proposed Transaction. In consideration thereof, equity shares of CEBBCO will be issued to the equity shareholders of JWL in lieu of their shareholding in JWL. The Fair Equity Share Exchange Ratio for this report refers to number of equity shares of face value of INR 10 each of CEBBCO, which would be issued to equity shareholders of JWL in lieu of their equity shareholding in JWL pursuant to Proposed Transaction.
- 2.2. For the aforesaid purpose, the management of the Companies have appointed RV to recommend the fair equity share exchange ratio, for the issue of CEBBCO's equity shares to the equity shareholders of JWL, to be placed before the audit committee/board of directors of Companies, and, to the extent mandatorily required under applicable laws of India, this report may be produced before Stock Exchanges and other statutory or regulatory authorities as may be required, in connection with Proposed Transaction.
- 2.3. The scope of our engagement is to conduct a relative (and not absolute) valuation of the equity shares of the Companies and report on the fair equity share exchange ratio for the Proposed Transaction in accordance with ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountant of India and ICAI Registered Valuers Organisation and rules, regulations and circulars issued by Securities and Exchange Board of India.
- 2.4. **Valuation Base and Premise of Value:**  
As per ICAI Valuation Standards 101, definition of Valuation Base and Premise of Value is as under:
  - Valuation Base: Valuation Base means the indication of the type of value being used in an assignment. We have considered Valuation Base as "Fair Value".
  - Premise of Value: Premise of Value refers to the conditions and circumstances how an asset is deployed. We have considered "Going Concern Value" as the Premise of Value.

Any change in the valuation base, or the premise of value could have significant impact on our valuation exercise, and therefore, this Report.

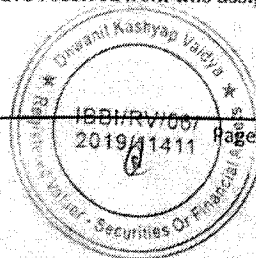


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- 2.5. We have considered financial information of the Companies up to August 31, 2020 ("Valuation Date") in our analysis and the Companies have represented that there is no material change in the financial position till the date of this report which will have a bearing on the valuation analysis. We have relied on the above while arriving at the fair equity share exchange ratio for the Proposed Transaction.
- 2.6. This report is our deliverable in respect of our recommendation to the Companies of the fair equity share exchange ratio for the Proposed Transaction.
- 2.7. This report and the information contained herein is absolutely confidential. Our report will be used by the Companies only for the purpose, as indicated in this report, for which we have been engaged. The results of our valuation analysis and our report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares/ business of the Companies/ their holding companies/ subsidiaries/ associates/ investee companies/ other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Companies) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to us. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 2.8. This report is intended only for the sole use and information of the Companies and only in connection with the Proposed Transaction including for the purpose of obtaining regulatory approvals, as required under applicable laws of India, for the Proposed Transaction. We understand that the Companies may be required to submit this report to tribunal/ judicial / regulatory authorities/ registrar of Company / stock exchanges/ courts/ shareholders / professional advisors involved in Proposed Transaction/ merchant bankers providing fairness opinion on the Fair Equity Share Exchange Ratio, in connection with the Proposed Transaction under applicable laws. We hereby consent to such disclosure of this report, on the basis that we owe responsibility to only the Companies that have engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this report.
- 2.9. It is clarified that reference to this valuation report in any document and / or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges / courts / shareholders / professional advisors / merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person / party other than the Companies. In any case, our aggregate liability shall be restricted to the fee that we have received from this assignment, as set out in our engagement letter.



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2.10. The Companies have informed us that Systematix Corporate Services Limited have been appointed as merchant bankers for providing Fairness Opinion on Fair Equity Share Exchange Ratio for the purpose of Proposed Transaction. Accordingly, at the request of the Companies, we have had discussions with Systematix Corporate Services Limited on the valuation approach adopted, assumptions considered and methodologies used by us.

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

### 3. DISCLOSURE OF VALUER'S INTEREST OF CONFLICT

We hereby confirm that the valuer is suitably qualified and authorized to practice as a valuer. We do not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the company (including the parties with whom the company is dealing, including the lender or selling agent, if any).

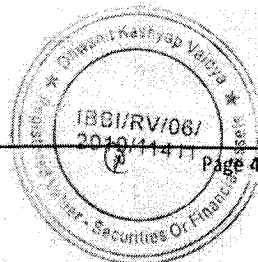
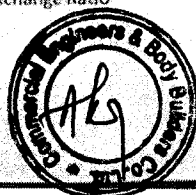
We have no present or planned future interest in the Companies and the fee payable for this valuation is not contingent upon the value reported herein.

### 4. SOURCE OF INFORMATION

4.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management representatives of JWL & CEBBCO:

- Annual report of CEBBCO for the year ended March 31, 2020 and March 31, 2019;
- Audited financial statement of JWL as on March 31, 2020 and March 31, 2019;
- Unaudited management signed financial statement of CEBBCO and JWL as on August 31, 2020;
- Projected business model of JWL and CEBBCO;
- Equity shareholding pattern of JWL and CEBBCO as on August 31, 2020;
- Relevant data, representation and information provided to us by the representatives of CEBBCO & JWL either in written or oral form or in form of soft copy;
- Information provided by leading database sources, market research reports and other published data (including the Stock Exchanges)
- Management Representation Letter issued by CEBBCO and JWL.

4.2. The Companies have been provided with the opportunity to review the draft report (excluding the recommended Fair Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.



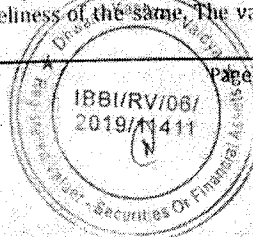
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### 5. LIMITATIONS AND DISCLAIMERS

- 5.1. Valuation analysis and result are specific to the purpose of valuation and the valuation date mentioned in the valuation report which is August 31, 2020. It may not be valid for any other purpose or as at any other date. Events occurring after the valuation 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.
- 5.2. This report is intended only for the use by Companies and its relevant authorities and for the purpose mentioned in the report, and accordingly, will not be copied, referred to or disclosed, in whole or in part, to outside parties for any other purpose without our prior express written consent, unless the Companies are required to do so under applicable laws.
- 5.3. Our report is not nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law / standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Transaction. Our report is not nor should it be construed as our recommending the Proposed Transaction or anything consequential thereto / resulting therefrom. This report does not address the relative merits of the Proposed Transaction as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Transaction shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. This report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement/ consummation of the Proposed Transaction. Our report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion. It should be noted that our valuation neither constitute recommendations to you as to whether or not to proceed with the Proposed Transaction nor constitute an offer for or invitation to any third party for investing in, or in the assets and liabilities of the Companies. Any third user intending to provide finance / invest in the shares/business of the company and/or the client, its subsidiaries, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. We do not take any responsibility for the unauthorized use of this report.
- 5.4. The Companies may disclose this report to their professional advisors involved in the Proposed Transaction, provided that when doing so the Companies inform them that, to the fullest extent permitted by law, we accept no responsibility or liability to them in connection with our report and our work for the Companies, and disclosure by them (save for their own internal purposes) is not permitted without our consent.
- 5.5. This report is based on the information provided by the Companies. We have not independently verified or checked the accuracy or timeliness of the same. The valuation of



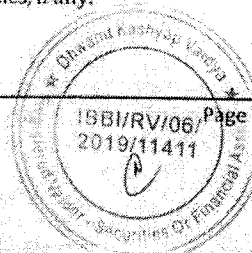
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companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment and management assumptions. There is, therefore, no indisputable single value/share exchange ratio and we normally express our opinion on the value as falling within a likely range. However, as the subject engagement requires the expression of a single value for arriving at the fair equity share exchange ratio, we have adopted a value at the mid-point of our valuation range. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the Companies.

- 5.6. We will not, pursuant to this valuation engagement, perform any management functions for you nor make any decisions. You are responsible for making management decisions, including accepting responsibility for the results. Additionally, management of Companies is responsible for designating a management-level individual or individuals responsible for overseeing the services provided, evaluating the adequacy of the services provided, evaluating any findings or recommendations, establishing and maintaining internal controls, and monitoring on going activities.
- 5.7. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records and as such we do not express any opinion on the truth and fairness of the financial statements. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Companies. Our report is subject to the scope and limitations detailed in this report. 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.
- 5.8. The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. 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 agreeing the transaction price.
- 5.9. Competent management assumed - It should be specifically noted that the valuation assumes the property/business will be competently managed and maintained over the expected period of ownership. This appraisal engagement does not entail an evaluation of Companies' management effectiveness, nor are we responsible for future marketing efforts and other management or ownership actions upon which actual results will depend. This report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Companies/ their holding/ subsidiary/ associates / joint ventures/ investee companies, if any.

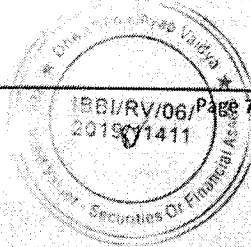
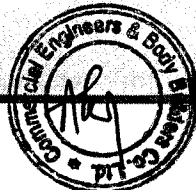


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- 5.10. The Companies and its management/representatives have represented to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Companies and their management concerning the financial data and operational data. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts.
- 5.11. The future projections are the responsibility of the respective management of the Companies. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both - the most likely set of future business events and circumstances and the respective management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated and therefore, actual results during the forecast period may differ from the forecast and such differences may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management. In accordance with the terms of our engagement, we have carried out relevant analyses 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 generally accepted databases and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for 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 as 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 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 and projected financial information, if any, provided to us regarding the Companies / their holding / 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 the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. 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 respective managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report.

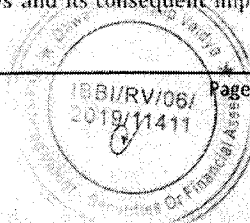


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- 5.12. We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- 5.13. The realization of the projections in the financial model provided by the Companies will be dependent on the continuing validity of assumptions on which it is based. Our analysis therefore will not and cannot be directed to providing any assurance about the achievability of the future plans. Since the projections 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 may be material. We will extensively rely upon the information provided to us by the Companies and we will not carry out any validation procedures or audit or scrutiny will respect to the information or carry out any verification of the assets.
- 5.14. We accept no responsibility for any error or omission in the report which is due to an error or omission in data, information or statements supplied to us by other parties including the Companies ('Data'). We have not independently verified such Data and have considered it to be accurate, complete, reliable and current as of the date of such information and accordingly, express no opinion or make any representation concerning its accuracy and completeness and to that extent, the information may not be reliable. We accept no responsibility for matters not covered by the report or omitted due to limited nature of our analysis.
- 5.15. We are not responsible for determining the difference between price sensitive and non-price sensitive information. All information supplied to us (in whatever form) which is not in the public domain is confidential information for the purposes of this engagement. We recommend that you obtain legal advice to ensure that information supplied to us is not in contravention of any applicable laws and regulations.
- 5.16. In case of Dispute - Any dispute or disputes shall be first resolved by attempted negotiation at the highest executive levels between the parties. In the event such executive negotiation is unsuccessful, the dispute or disputes shall either be decided by a sole Arbitrator mutually appointed by the parties or as approved by concerned authority. The arbitration proceeding under this clause will be in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications or re-enactment in lieu thereof. The arbitration proceedings shall be in English language, venue of the arbitration shall be Mumbai and cost of arbitration will be borne by the parties in equal share. The award of the Arbitrators shall be final, conclusive and binding on both the parties.
- 5.17. COVID-19 has impacted businesses all over the globe in an unprecedented way and adversely impacting short / medium term, liquidity, operations and growth. The tenure of pandemic and how individual businesses shall respond are uncertain as on valuation measurement date. The Companies have confirmed that the likely impact of Covid-19 has been factored in the projected cash flows provided. However, due to the unprecedented nature of the business and social turmoil and uncertainty of not only the tenure of pandemic but also the post Covid situation, We assume no responsibility for the accuracy and completeness of overall impact considered by the Company in the projected cash flows and its consequent impact on the valuation.





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

### 6. VALUATION APPROACH AND METHODOLOGIES

6.1. It is universally recognised that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is most appropriate for the purpose.

6.2. In accordance with ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India and ICAI Registered Valuers Organisation, valuation in case of Proposed Transaction would require determining Fair Equity Share Exchange Ratio considering relative values of each company involved. These values are to be determined independently but on a relative basis, and without considering the effect of the merger.

6.3. As per ICAI Valuation Standard 301 – Business Valuations deals with valuation of business or business ownership interest and it includes valuation of equity shares, it is mentioned that generally, the following three main valuation approaches are adopted to perform the business valuation in correlation with the valuation approaches and methodologies prescribed under ICAI Valuation Standard 103 on Valuation Approaches and Methods:

- a) Market Approach
- b) Income Approach
- c) Cost Approach

We have discussed each of the above-mentioned approaches in the following paragraphs.

Under Market Approach, following methods are commonly used

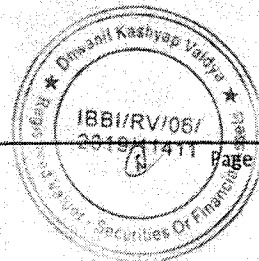
- Market Price Method
- Comparable Companies Multiple (CCM) Method
- Comparable Transaction Multiple Method

Under Income Approach, following methods are commonly used

- Discounted Cash Flow (DCF) Method
- Relief from Royalty Method
- Multi-period Excess Earning Method
- With and Without Method
- Option Pricing Model

Under Cost Approach, following methods are commonly used

- Replacement Cost Method
- Reproduction Cost Method



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### 6.4. 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, such as a business.

**6.4.1. Market Price Method:** The market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading of such shares. As per Regulation 164 (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ('ICDR'), if the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty-six weeks 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:

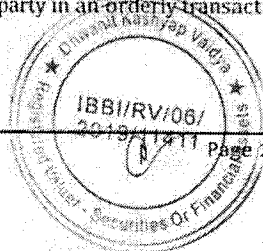
- 6.4.1.1. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or
- 6.4.1.2. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

We have used market price method for CEBBCO as it is listed on NSE and BSE and record higher traded volume at NSE. Equity shares of JWL are not listed on any stock exchange and therefore this method could not be used for JWL.

**6.4.2. Comparable Company Multiple (CCM) Method** involves valuing an asset based on market multiples derived from prices of market comparables traded on active market. We have considered EV/EBIDTA multiple under this method for valuation of equity shares of JWL. However, we could not use this method for valuing CEBBCO due to following reasons:

- 6.4.2.1. The trailing 12 months' EBIDTA of CEBBCO as on valuation measurement date is not stabilised and does not exhibit normalised level of operations, and
- 6.4.2.2. We could not identify any listed company in India which is operationally and financially comparable to "vehicle bodies manufacturing" segment of CEBBCO.

**6.4.3. Comparable Transaction Multiple (CTM) Method** involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued / market comparable transactions. Comparable transactions involving subject assets are sometimes referred to as prior transaction value. We have not used this method for current valuation of CEBBCO as we did not find comparable transactions in India, in recent past, for which adequate information was available in public domain and we did not consider it appropriate to use international transaction multiples due to lack of identical comparable companies/ transactions having variance on account size, geography, nature of business, nature of transactions, corporate structure, industry / company specific issues etc. Prior transaction value is used for valuation of JWL as JWL has recently issued equity shares to non-related party in an orderly transaction.



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### 6.5. Income Approach:

This approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow (DCF) Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows. DCF method is considered the most theoretically sound, scientific and acceptable method for determination of the value of a business undertaking.

The DCF method values the asset by discounting the free cash flows expected to be generated by the asset for the explicit period and also the perpetuity value (or terminal value) in case of assets with indefinite life. Appropriate adjustment is made for net debt, non-operating assets & other assets of the company to arrive at Equity Value.

The analysis under DCF method involves determining the following:

- **Estimating future free cash flows:**  
Free cash flows are the cash flows expected to be generated by the company that are available to all 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:**  
The 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.

We have considered it appropriate to apply the DCF Method under Income Approach, as data with respect to prospective financial information is available for both the Companies.

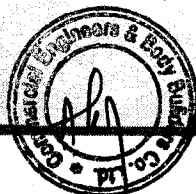
### 6.6. Cost Approach:

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset.

6.6.1. **Replacement Cost Method**, also known as 'Depreciated Replacement Cost Method' 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.

6.6.2. **Reproduction Cost Method** 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.

This valuation approach is mainly used in case where the assets base dominates earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns 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 the net asset basis being of limited relevance. Therefore, Cost Approach has not been considered since it does not reflect the intrinsic value of the business in a "going concern scenario".



## Dhwanit Kashyap Vaidya

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- 6.7. Summary of valuation approaches and methodologies used for valuation exercise is given below:

Name of Company	Cost Approach	Market Approach			
		DCF	Market Price	CFM	CFM
CEBBCO	x	✓	✓	x	x
JWL	x	✓	x	✓	✓
Reference Note No.	6.6	6.5	6.4.1	6.4.2	6.4.3

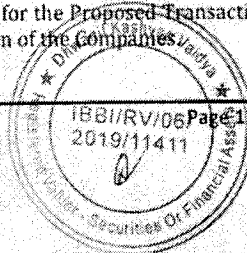
- 6.8. It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.
- 6.9. 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 purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using most appropriate methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

### 7. PROCEDURES ADOPTED IN CARRYING OUT VALUATION ANALYSIS

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

- 7.1.1. Preliminary discussion with the management of the Companies to understand the business operations and fundamental factors that affect the business of the Companies including their earning generating capabilities and historical financial performance.
- 7.1.2. Requested for requisite information for the valuation analysis.
- 7.1.3. Review and analysis of information provided by the management.
- 7.1.4. Review of data available in public domain including market price data of CEBCO from NSE, analysis of key economic factors and industry trends that may impact the valuation.
- 7.1.5. Detailed analysis of data available for comparable companies.
- 7.1.6. Assessing the most appropriate valuation approaches and methods for valuation of the Companies within the framework of ICAI Valuation Standards and SEBI guidelines.
- 7.1.7. Arriving at the valuation of Companies using the method considered appropriate.
- 7.1.8. Determining the fair equity share exchange ratio for the Proposed Transaction on the basis of appropriate weights and relative valuation of the Companies.

Recommendation of Fair Equity Share Exchange Ratio



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### 8. MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

8.1.1. The equity shares of CEBBCO are frequently traded on a recognized stock exchange i.e. NSE during the twelve calendar months preceding the report date.

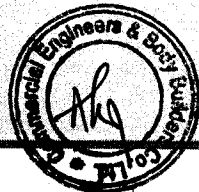
8.1.2. Key operating and financial parameters of the Companies vis-à-vis the comparable companies.

### 9. BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

9.1. The basis of the fair equity share exchange ratio for the Proposed Transaction would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in a Proposed Transaction. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

9.2. In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. 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 Equity 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 Equity Share Exchange Ratio of the equity shares of JWL and CEBBCO. The final responsibility for the determination of the exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

9.3. We have been made to understand that the Companies have also appointed a firm of Chartered Accountants to determine Fair Equity Share Exchange Ratio. We have independently applied methods discussed above, as considered appropriate, and arrived at our assessment of the value per equity share of JWL and CEBBCO. To arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Transaction with the firm of Chartered Accountants, suitable minor adjustments/ rounding off have been done in the relative values.



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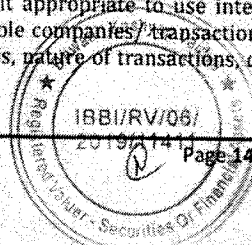
9.4. In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Transaction whose computation is as under:

Valuation Approach / Methodology	Jupiter Wagon Limited		Commercial Engineers & Body Builders Co. Limited	
	Value per Equity Share (₹)	Weights	Value per Equity Share (₹)	Weights
<b>Cost Approach</b>				
• Net Assets Value <sup>Note 2</sup>	NA	NA	NA	NA
<b>Income Approach</b>				
• Discounted Cash Flow Method	931.58	50%	16.01	50%
<b>Market Approach</b>				
• Market Price Method <sup>Note 3</sup>	NA	NA	15.94	50%
• Comparable Company Multiple Method <sup>Note 4</sup>	870.08	25%	NA	NA
• Comparable Company Transaction Method <sup>Note 5</sup>	785.67	25%	NA	NA
Relative Value per Equity Share	870.08		15.94	
Exchange Ratio (rounded off)		100		15.94

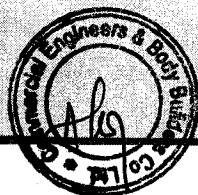
Notes:

1. NA = Not Applicable/Not Adopted.
2. As mentioned in para 6.6 above, Cost Approach has not been considered since it does not reflect the intrinsic value of the business in a going concern scenario.
3. As mentioned in para 6.4.1 above, we have used market price method for CEBBCO as it is listed on NSE and BSE and record higher traded volume at NSE. Equity shares of JWL are not listed on any stock exchange and therefore this method could not be used for JWL.
4. As mentioned in para 6.4.2 above, we have considered EV/EBIDTA multiple under this method for valuation of equity shares of JWL. However, we could not use this method for valuing CEBBCO due to following reasons:
  - a. The trailing 12 months' EBIDTA of CEBBCO as on valuation measurement date is not stabilised and does not exhibit normalised level of operations, and
  - b. We could not identify any listed company in India which is operationally and financially comparable to "vehicle bodies manufacturing" segment of CEBBCO.
5. As mentioned in para 6.4.3 above, in case of JWL, we have used prior transaction value as JWL has recently issued equity shares to non-related party in an orderly transaction. However, we have not used this method for valuation of CEBBCO as we did not find comparable transactions in India, in recent past, for which adequate information was available in public domain and we did not consider it appropriate to use international transaction multiples due to lack of identical comparable companies/transactions having variance on account size, geography, nature of business, nature of transactions, corporate structure, industry / company specific issues etc.

Recommendation of Fair Equity Share Exchange Ratio



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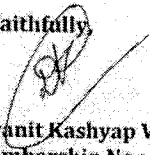
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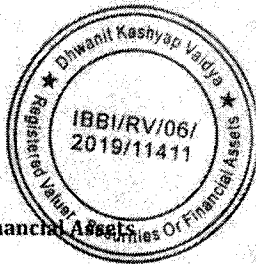
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**Fair Equity Share Exchange Ratio**  
5510 (Five Thousand Five Hundred and Ten) equity shares of CEBBCO of INR 10 each fully paid up for every 100 (One Hundred) equity shares of JWL of INR 10 each fully paid up.

Yours Faithfully,

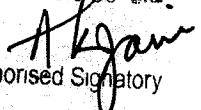


CA Dhwanit Kashyap Vaidya  
ICAI Membership No.: 140620  
Registered Valuer for Securities or Financial Assets  
IBBI/RV/06/2019/11411  
UDIN: 20140620AAAAAL1920



**CERTIFIED TRUE COPY**

For Commercial Engineers & Body Builders Co. Ltd.

  
Authorised Signatory

Date: September 28, 2020  
Place: Mumbai, India





28<sup>th</sup> September 2020

To,

**The Board of Directors,**  
**Jupiter Wagons Limited,**  
4/2, Middleton St., Kankaria Estates,  
Park Street Road, Kolkata,  
West Bengal-700071.

**The Board of Directors,**  
**Commercial Engineers & Body Builders Co. Limited,**  
48, Vandna Vihar, Narmada Road,  
Gorakhpur, Jabalpur  
Madhya Pradesh- 482001.

Dear Sir/Madam,

**Sub: Recommendation of Fair Equity Share Exchange Ratio for the purpose of proposed amalgamation of Jupiter Wagons Limited into and with Commercial Engineers & Body Builders Co. Limited.**

We, T R Chadha & Co LLP, Chartered Accountants (hereinafter referred to as 'TRC', or 'We', or 'Us'), have been engaged vide letter dated August 28, 2020 by Jupiter Wagons Limited (hereinafter referred to as 'JWL' or 'Amalgamating Company') and Commercial Engineers & Body Builders Co. Limited (hereinafter referred to as 'CEBBCO' or 'Amalgamated Company') (CEBBCO and JWL are collectively referred to as the 'Companies') to recommend the fair equity share exchange ratio for the proposed amalgamation of JWL into and with CEBBCO on a going concern basis with effect from [1 October, 2019] or such other date as may be mutually agreed between the Amalgamating Company and the Amalgamated Company ('Appointed Date'), pursuant to a scheme of amalgamation under the provisions of Section 230-232 and other applicable provisions of the Companies Act, 2013 and other applicable securities and capital market laws and rules issued thereunder to the extent applicable ('Proposed Transaction').

## 1. Background of Companies

### 1.1. Commercial Engineers & Body Builders Ltd.

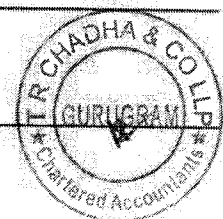
CEBBCO manufactures vehicle bodies for commercial vehicle, freight wagons and components for wagon and locomotives with manufacturing facility at Jabalpur, Indore and Jamshedpur. CEBBCO product portfolio comprises of tipper bodies, tanker bodies, tip trailer, cargo load bodies, water tank bodies, troop carrier vehicle bodies, wagon etc. The equity shares of CEBBCO are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") (the NSE and the BSE are collectively referred to as the "Stock Exchanges"). CEBBCO had reported revenue of INR 12,903.74 Lakhs and loss of INR 41.34 Lakhs for the year ended 31<sup>st</sup> March 2020.

The issued, subscribed and paid-up equity share capital of CEBBCO as at 31<sup>st</sup> August 2020 stood at INR 8,948.27 Lakhs, comprising of 8,94,82,657 equity shares of face value of INR 10 each, and the summarized shareholding pattern as on August 31<sup>st</sup>, 2020 is as follows:

Shareholder Category	No of Equity Shares	Holding %
I. Promoter and Promoter Group	5,42,67,871	60.65%
II. Public	3,52,14,786	39.35%
Total	8,94,82,657	100.0%

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28<sup>th</sup> December, 2015

Gurgaon Office: 76E, Udyog Vihar Phase IV, Gurgaon -122016 (Haryana)  
Phone: 0124-4129900, Fax: 011-4114935, E-mail: [gurgaon@trchadha.com](mailto:gurgaon@trchadha.com)  
Corporate Office/ Regd. Office: B-30, Connaught Place, Kuthiala Building, New Delhi - 110001  
Phone: 43259900, Fax: 43259930, E-mail: [delhi@trchadha.com](mailto:delhi@trchadha.com)



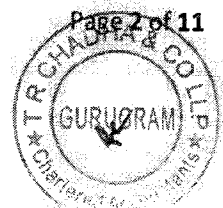


## 1.2. Jupiter Wagons Ltd.

JWL manufactures railway wagons, passenger coaches, wagon components and casting in India. The manufacturing facility of the JWL is located at Chinsurah, Sahaguni and West Bengal. JWL had reported revenue of INR 81,355 Lakhs and profit of INR 3,941 Lakhs for the year ended 31<sup>st</sup> March 2020. The issued, subscribed and paid-up equity share capital of JWL as at August 31<sup>st</sup>, 2020 stood at INR 614.57 Lakhs, comprising of 61,45,764 equity shares of face value INR 10 each.

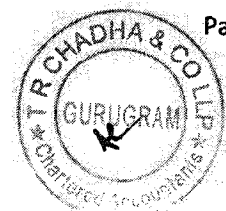
## 2. Scope and Purpose of Report

- 2.1. Management of JWL and CEBBCO ("Management/s") are contemplating the Proposed Transaction. In consideration thereof, equity shares of CEBBCO will be issued to the equity shareholders of JWL in lieu of their shareholding in JWL. The Fair Equity Share Exchange Ratio for this report refers to number of equity shares of face value of INR 10 each of CEBBCO, which would be issued to equity shareholders of JWL in lieu of their equity shareholding in JWL pursuant to Proposed Transaction.
- 2.2. For the aforesaid purpose, the management of the Companies have appointed TRC to recommend the fair equity share exchange ratio, for the issue of CEBBCO's equity shares to the equity shareholders of JWL, to be placed before the audit committee/board of directors of Companies, and, to the extent mandatorily required under applicable laws of India, this report may be produced before Stock Exchanges and other statutory or regulatory authorities as may be required, in connection with Proposed Transaction.
- 2.3. The scope of our service is to conduct a relative (and not absolute) valuation of the equity shares of the Companies and report on the fair equity share exchange ratio for the Proposed Transaction in accordance with Indian Valuation Standards 2018 issued by the Institute of Chartered Accountant of India and rules and regulations issued by Security and Exchange Board of India.
- 2.4. For the purpose of arriving at valuation of the Companies, 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.
- 2.5. We have considered financial information of the Companies upto 31st August, 2020 ("Valuation Date") in our analysis and the Companies have represented that there is no material change in the financial position till the date of this report which will have a bearing on the valuation analysis. Further, the Managements have informed us that they do not expect any events which are unusual or not in normal course of business upto the effective date of the Proposed Transaction, other than the events specifically mentioned in this report. We have relied on the above while arriving at the fair equity share exchange ratio for the Proposed Transaction.
- 2.6. This report is our deliverable in respect of our recommendation to the Companies of the fair equity share exchange ratio for the Proposed Transaction.
- 2.7. This report and the information contained herein is absolutely confidential. Our report will be used by the Companies only for the purpose, as indicated in this report, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied



by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares/ business of the Companies/ their holding companies/ subsidiaries/ associates/ investee companies/ other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Companies) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to us. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

- 2.8. This report is intended only for the sole use and information of the Companies and only in connection with the Proposed Transaction including for the purpose of obtaining regulatory approvals, as required under applicable laws of India, for the Proposed Transaction. We understand that this report is required to meet with the applicable SEBI, the relevant stock exchanges', rules and regulations only and you did not require us to perform this valuation as a registered valuer under the Companies Act 2013 ("Act"), the Companies (Registered Valuer and Valuation) Rules, 2017 or as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Act or Rules. Accordingly, our valuation analysis and this report does not constitute nor can be construed as a valuation carried out by a registered valuer in accordance with such Act or Rules or as per any rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Act or Rules and such use of our valuation analysis and this report is not permitted. The Companies may be required to submit this report to tribunal/ judicial / regulatory authorities/ registrar of Company / stock exchanges/ courts/ shareholders / professional advisors involved in proposed transaction/ merchant bankers providing fairness opinion on the Fair Equity Share Exchange Ratio, in connection with the Proposed Transaction under applicable laws. We hereby consent to such disclosure of this report, on the basis that we owe responsibility to only the Companies that have engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this report.
- 2.9. It is clarified that reference to this valuation report in any document and / or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges / courts / shareholders / professional advisors / merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person / party other than the Companies. In any case, our aggregate liability shall be restricted to the fee that we have received from this assignment, as set out in our engagement letter.
- 2.10. The Companies have informed us that Systematix Corporate Services Limited has been appointed as merchant bankers for providing Fairness Opinion on Fair Equity Share Exchange Ratio for the purpose of Proposed Transaction. Accordingly, at the request of the Companies, we have had discussions with Systematix Corporate Services Limited on the valuation approach adopted, assumptions considered and methodologies used by us.
- 2.11. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers



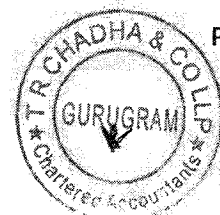
detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

### 3. Source of Information

- 3.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management representatives of JWL & CEBBCO:
- Annual report of CEBBCO as on 31st March 2020 and 31st March 2019;
  - Audited financial statement of JWL as on 31st March 2020 and 31st March 2019;
  - Unaudited management signed financial statement of CEBBCO and JWL as on 31st August 2020;
  - Projected business model of JWL and CEBBCO;
  - Equity shareholding pattern of JWL and CEBBCO as on 31st August 2020;
  - Relevant data, representation and information provided to us by the representatives of CEBBCO & JWL either in written or oral form or in form of soft copy;
  - Management representation letter from Companies;
  - Information provided by leading database sources, market research reports and other published data (including the Stock Exchanges).
- 3.2. The Companies have been provided with the opportunity to review the draft report (excluding the recommended Fair Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

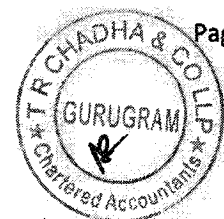
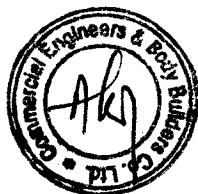
### 4. Limitation and Disclaimer

- 4.1. Valuation analysis and result are specific to the purpose of valuation and the transaction date mentioned in the valuation report which is 31<sup>st</sup> August 2020. It may not be valid for any other purpose or as at any other date. We assume no responsibility to update valuation report for events and circumstances occurring after the date of this report.
- 4.2. This report is intended only for the use by Companies and its relevant authorities and for the purpose mentioned in the report, and accordingly, will not be copied, referred to or disclosed, in whole or in part, to outside parties for any other purpose without our prior express written consent, unless the Companies are required to do so under applicable laws.
- 4.3. Our report is not nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law / standards including companies, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Transaction. Our report is not nor should it be construed as our recommending the Proposed Transaction or anything consequential thereto / resulting therefrom. This report does not address the relative merits of the Proposed Transaction as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Transaction shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. This report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement/ consummation of the Proposed Transaction. Our report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing,



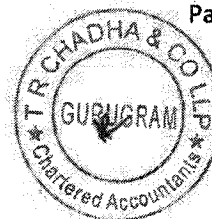
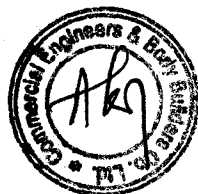
selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion. It should be noted that our valuation neither constitute recommendations to you as to whether or not to proceed with the Proposed Transaction nor constitute an offer for or invitation to any third party for investing in, or in the assets and liabilities of the Company. Any third user intending to provide finance / invest in the shares/business of the company and/or the client, its subsidiaries, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

- 4.4. This report is based on the information provided by the Companies. We have not independently verified or checked the accuracy or timeliness of the same. Valuation is not a precise art and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment and management assumptions. There is, therefore, no indisputable single exchange ratio.
- 4.5. The Companies may disclose this report to their professional advisors involved in the proposed transaction, provided that when doing so the Companies inform them that, to the fullest extent permitted by law, we accept no responsibility or liability to them in connection with our report and our work for the Companies, and disclosure by them (save for their own internal purposes) is not permitted without our consent.
- 4.6. We have not, pursuant to this Letter of Engagement, perform any management functions for You nor make any decisions. You are responsible for making management decisions, including accepting responsibility for the results. Additionally, management of Companies is responsible for designating a management-level individual or individuals responsible for overseeing the services provided, evaluating the adequacy of the services provided, evaluating any findings or recommendations, establishing and maintaining internal controls, and monitoring on going activities.
- 4.7. Competent management assumed - It should be specifically noted that the valuation assumes the property/business will be competently managed and maintained over the expected period of ownership. This appraisal engagement does not entail an evaluation of Companies' management effectiveness, nor are we responsible for future marketing efforts and other management or ownership actions upon which actual results will depend. This report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Companies/ their holding/ subsidiary/ associates / joint ventures/ investee companies, if any.
- 4.8. The future projections are the responsibility of the respective management of the Companies. The assumptions used in their preparation, as we have been explained, are based on the management 's present expectation of both - the most likely set of future business events and circumstances and the respective management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated and therefore, actual results during the forecast period may differ from the forecast and such differences may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management. In accordance with the terms of our engagement, we have carried out relevant analyses 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 generally accepted databases and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for 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 as 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 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 and projected financial information, if any, provided to us regarding the Companies / their holding / 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 the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. 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 respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report.

- 4.9. We accept no responsibility for any error or omission in the report which is due to an error or omission in data, information or statements supplied to us by other parties including the Companies ('Data'). We have not independently verified such Data and have assumed it to be accurate, complete, reliable and current as of the date of such information and accordingly, express no opinion or make any representation concerning its accuracy and completeness and to that extent, the information may not be reliable. We accept no responsibility for matters not covered by the report or omitted due to limited nature of our analysis.
- 4.10. We are not responsible for determining the difference between price sensitive and non- price sensitive information. All information supplied to us (in whatever form) which is not in the public domain is confidential information for the purposes of this engagement. We recommend that you obtain legal advice to ensure that information supplied to us is not in contravention of any applicable laws and regulations.
- 4.11. In case of Dispute - Any dispute or disputes shall be first resolved by attempted negotiation at the highest executive levels between the parties. In the event such executive negotiation is unsuccessful, the dispute or disputes shall either be decided by a sole Arbitrator mutually appointed by the parties or as approved by concerned authority. The arbitration proceeding under this clause will be in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications or re-enactment in lieu thereof. The arbitration proceedings shall be in English language, venue of the arbitration shall be New Delhi and cost of arbitration will be borne by the parties in equal share. The award of the Arbitrators shall be



final, conclusive and binding on both the parties.

- 4.12. COVID-19 has impacted businesses all over the globe in an unprecedented way and adversely impacting short / medium term, liquidity, operations and growth. The tenure of pandemic and how individual businesses shall respond are uncertain as on valuation measurement date. The Companies have confirmed that the likely impact of Covid-19 has been factored in the projected cash flows provided. However, due to the unprecedented nature of the business and social turmoil and uncertainty of not only the tenure of pandemic but also the post Covid situation, TRC assumes no responsibility for the accuracy and completeness of overall impact considered by the Company in the projected cash flows and its consequent impact on the valuation.

## 5. Procedure Adopted

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

- Requested and received financial information;
- Obtained data available in public domain;
- Undertook industry analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation;
- Detailed analysis of Comparable Companies for each business;
- Discussion with the management to understand the business and fundamental factors that could affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance;
- Selection of valuation methodology/(ies) as per Indian Valuation Standards;
- Determined the fair equity share exchange swap ratio based on the selected methodology.

## 6. Valuation Approach

- 6.1. In accordance with Indian Valuation Standards 2018, ("Ind VS") issued by the Institute of Chartered Accountants of India, valuation in case of Proposed Transaction would require determining Fair Equity Share Exchange Ratio considering relative values of each company involved. These values are to be determined independently but on a relative basis, and without considering the effect of the merger.
- 6.2. The three main valuation approaches are the market approach, income approach and cost approach. There are various methods under these approaches which are commonly used for valuation purpose such as:

Under Market Approach, following methods are commonly used

- Market Price Method
- Comparable Companies Multiple (CCM) Method
- Comparable Transaction Multiple Method

Under Income Approach, following methods are commonly used

- Discounted Cash Flow (DCF) Method
- Relief from Royalty Method
- Multi-period Excess Earning Method
- With and Without Method
- Option Pricing Model



Under Cost Approach, following methods are commonly used

- Replacement Cost Method
- Reproduction Cost Method

6.3. 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, such as a business.

6.3.1. Market Price Method: The market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading of such shares. As per Regulation 164 (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ('ICDR'), if the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty-six weeks 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:

- 6.3.1.1. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or
- 6.3.1.2. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

***We have used market price method for CEBBCO as it is listed on NSE and BSE and record higher traded volume at NSE. Equity shares of JWL are not listed on any stock exchange and therefore this method could not be used for JWL.***

6.3.2. Comparable Companies Multiple (CCM) Method involves valuing an asset based on market multiples derived from prices of market comparables traded on active market. We have considered EV/EBIDTA multiple under this method for valuation of equity shares of JWL. However, we could not use this method for valuing CEBBCO due to following reasons:

- 6.3.2.1. The trailing 12 months EBIDTA of CEBBCO as on valuation measurement date is not stabilised and does not exhibit normalised level of operation, and
- 6.3.2.2. We could not identify any listed company in India which is operationally and financially comparable to "vehicle bodies manufacturing" segment of CEBBCO.

6.3.3. Comparable Transaction Multiple (CTM) Method involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions). Comparable transactions involving subject assets are sometimes referred to as prior transaction method. We have not used this method for current valuation of CEBBCO as we did not find comparable transactions in India, in recent past, for which adequate information was available in public domain and we did not consider it appropriate to use international transaction multiples due to lack of identical comparable companies/ transactions having variance on account size, geography, nature of business, nature of transactions, corporate structure, industry / company specific issues etc. Prior transaction method is used for valuation of JWL as JWL has recently issued equity shares to non-related party in an orderly transaction.



6.4. **Income Approach:** This approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow (DCF) Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows. DCF method is considered the most theoretically sound, scientific and acceptable method for determination of the value of a business undertaking. Under this technique, the projected free cash flows from business operations are discounted at "Weighted Average Cost of Capital" to the providers of capital to the business. The sum of the discounted value of such free cash flows is the value of the business. We have considered it appropriate to apply the DCF Method under Income Approach, as data with respect to prospective financial information is available for both the Companies.

6.5. **Cost Approach:** It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset.

6.5.1. **Replacement Cost Method**, also known as 'Depreciated Replacement Cost Method' 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.

6.5.2. **Reproduction Cost Method** 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.

This valuation approach is mainly used in case where the assets base dominates earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns 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 the net asset basis being of limited relevance. Therefore, Cost Approach has not been considered since it does not reflect the intrinsic value of the business in a "going concern scenario".

6.6. Summary of valuation approached and methodologies used for valuation exercise is given below:

Name of Company	Cost/Asset Approach	Income Approach	Market Approach		
		DCF	Market Price	CTM	CCM
CEBBCO	x	✓	✓	x	x
JWL	x	✓	x	✓	✓
Reference Note No.	6.5	6.4	6.3.1	6.3.3	6.3.2

6.7. It should be understood that the valuation of any company 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 assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.



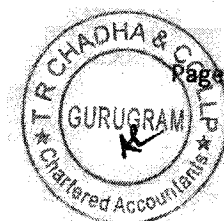


6.8. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation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

## 7. Basis of Fair Equity Share Exchange Ratio

- 7.1. The basis of the fair equity share exchange ratio for the Proposed Transaction would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in a Proposed Transaction. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.
- 7.2. In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. 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 Equity 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 Equity Share Exchange Ratio of the equity shares of JWL and CEBBCO. The final responsibility for the determination of the exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 7.3. We have been made to understand that the Companies have also appointed a Registered Valuer to determine Fair Equity Share Exchange Ratio. We have independently applied methods discussed above, as considered appropriate, and arrived at our assessment of the value per equity share of JWL and CEBBCO. To arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Transaction with the registered valuer, suitable minor adjustments/ rounding off have been done in the relative values.
- 7.4. In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Transaction whose computation is as under:

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Valuation Approach	Jupiter Wagon Limited		Commercial Engineers & Body Builders Co. Limited	
	Valuer per Equity Share (INR)	Weight	Valuer per Equity Share (INR)	Weight
Cost Approach -Net Asset Value	481.76	0%	10.36	0%
Income Approach -Discounted Cash Flow	936.92	50%	16.06	50%
Market Approach				
-Market Price Method	NA	0%	15.94	50%
-Comparable Companies Multiple Method	869.33	25%	NA	0%
-Comparable Transaction Multiple Method	785.67	25%	NA	0%
<b>Relative Value per Equity Share</b>	<b>882.21</b>		<b>16.00</b>	
<b>Exchange Ratio (rounded off)</b>	<b>55.10</b>			

\*NA- Not Applicable/Not Adopted

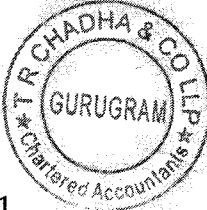
5,510 (Five Thousand Five Hundred and Ten) equity share of CEBBCO of INR 10 each fully paid up for every 100 (One Hundred) equity shares of JWL of INR 10 each fully paid up.

Yours Faithfully,

T R Chadha & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number 006711N/N500028

*Aashish*

Name: Aashish Gupta  
Partner  
Membership No. 097343  
UDIN: 20097343AAAAIU2311



**CERTIFIED TRUE COPY**  
For Commercial Engineers & Body Builders Co Ltd.

*Akshay*  
Authorised Signatory

Date: 28<sup>th</sup> September 2020  
Place: Gurugram, India

