

# AASHAY HASMUKH DEDHIA

Registered Valuer - Securities and Financial Assets

Reg No: IBBI/RV/07/2021/13796

62, Vijaynagar, 2<sup>nd</sup> Floor, M.C. Jawle Marg, Dadar (W), Mumbai – 400 028  
(E): [aashay@gapupadvisors.in](mailto:aashay@gapupadvisors.in) (M): +91 9920184889

Date: 6 July 2023

To,

<b>Board of Directors</b> <b>Napino Auto and Electronics Limited</b> Plot No. 7, Sector 3, IMT Manesar, Gurugram - 122 050, Haryana	<b>Board of Directors</b> <b>Napino Tech Ventures Private Limited</b> Plot No. 7, Sector 3, IMT Manesar, Gurugram - 122 050, Haryana
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**Subject:** Recommendation of Share Entitlement Ratio pursuant to the Scheme of Arrangement between Napino Auto and Electronics Limited and Napino Tech Ventures Private Limited and their respective shareholders and creditors ('Scheme')

Dear Sir / Madam,

We refer to our Engagement Letter dated 9 April 2023 whereby Napino Auto and Electronics Limited ('Napino Auto' or 'Demerged Company') has appointed me for recommending the Share Entitlement Ratio for the proposed demerger of 'IOT Business' of Napino Auto into Napino Tech Ventures Private Limited ('Napino Tech' or 'Resulting Company'). The said demerger will be carried out through a Scheme of Arrangement under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder.

The proposed Appointed Date for the demerger is 1<sup>st</sup> April 2023.

In the following paragraphs, I have summarised our valuation analysis together with the description of the valuation approaches, methodologies and limitations in our scope of work.



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## 1 Context and Purpose

### I. Background of Companies:

#### Napino Auto and Electronics Limited

Napino Auto and Electronics Limited is a closely held public limited company. It along with its subsidiaries, joint ventures and associates, is primarily engaged in the business of providing automotive technology solutions for ICE and EV segments. It manufactures various products and provides solutions within the auto components industry such as Electronic Fuel Injection, Regulator & Rectifier, E-Throttles, Integrated Displays / Clusters, Mechatronics, Controllers, Wiring Harness, Switches, EV Chargers, Motors & Motor Controllers, etc. Currently, it owns 8 manufacturing facilities in India and has 2 R&D Centres. In addition, its associates are engaged in the designing and manufacturing of solid-state batteries, motor controllers, intelligent automotive, home and telecom products and solutions, etc.

#### Napino Tech Ventures Private Limited

Napino Tech Ventures Private Limited is a private limited company. Napino Tech is a newly incorporated company on 20 January 2023. It is proposed to be engaged in the business relating to IOT products and design and development services related to automotive sector mainly for automotive switches.

### II. Context and Purpose:

We have been given to understand that pursuant to the Scheme, the entire business and whole of the undertaking relating to IOT products and design and development services (**'Demerged Undertaking'**) of Napino Auto will be transferred to and vested in Napino Tech as a going concern in the manner and on the terms as set out in the Scheme (**'Proposed Transaction'** or **'Proposed Demerger'**).

We understand that the management of Napino Auto and Napino Tech are contemplating the Proposed Transaction pursuant to the Scheme with the following objectives:

- The segregation will enable greater / enhanced focus of the management and thereby facilitate the management to efficiently exploit opportunities for each of the businesses;
- Proposed restructuring will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders;
- It will allow management to pursue independent growth strategy for each of businesses; and
- It will allow in creating the ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital.





The key terms of the Scheme are as under:

- The Scheme contemplates demerger of entire business and whole of the undertaking relating to IOT products and design and development services of Napino Auto into Napino Tech
- The transfer of Demerged Undertaking is on a going concern basis
- The Appointed Date for the demerger is 1<sup>st</sup> April 2023
- All assets, properties and liabilities of the Demerged Undertaking will become the assets, properties and liabilities of Napino Tech pursuant to the Scheme
- All employees of the Demerged Undertaking will become employees of Napino Tech on the same terms and conditions
- Napino Tech will issue equity shares to all the shareholders of Napino Auto on a proportionate basis. Fractional entitlements, if any, will be consolidated and rounded-off to the next higher integer and issued to the Trustee who shall hold such shares on behalf of and for the benefit of respective shareholders of Napino Auto
- After the Scheme becomes effective, the Trustee shall sell above share at a fair value determined by an independent valuer and distribute the proceeds thereof to the respective shareholders
- The existing share capital of Napino Tech will stand cancelled

The Proposed Transaction will involve issuance of shares by Napino Tech to the shareholders of Napino Auto as consideration for the demerger. In this connection, the management of Napino Auto has appointed me to submit a report recommending the Share Entitlement Ratio pursuant to the Proposed Transaction.

## 2 Conditions and Major Assumptions

### Conditions

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in either Napino Auto or Napino Tech. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We 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 required to give expert testimony nor give attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.



### Assumptions

The opinion of value given in this report is based on information provided by the management of Napino Auto and Napino Tech and other sources as listed in the report. This information is assumed to be accurate and complete.

We have not attempted to confirm whether or not all assets of the Demerged Undertaking are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the Demerged Undertaking will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the respective companies will maintain the character and integrity of their respective companies.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

### 3 Basis of valuation

In transactions of the nature of merger or amalgamation of companies or demerger of businesses, the consideration is often discharged by issue of securities of the acquirer or transferee entity with reference to an entitlement ratio, considering the relative values.

However, as mentioned above, in consideration of the demerger, Napino Tech will issue equity shares to the equity shareholders of Napino Auto on a proportionate basis. The Share Entitlement Ratio for the Proposed Transaction is determined based on the desired capital structure of Napino Tech upon demerger, as decided by the management.

Accordingly, the management has recommended the equity share entitlement ratio in consideration for the demerger of the Demerged Undertaking based on the desired capital structure of Napino Tech post demerger.

### 4 Valuation Premise

The premise of value refers to the conditions and circumstances of how an asset is deployed. As part of our analysis, we have considered the following assumption to be appropriate:

- Going concern basis - there is neither a planned nor contemplated discontinuance of Demerged Undertaking
- As-is-where-is basis – the current use of the assets is assumed, which may or may not be its highest and best use





## 5 Valuation Date

As mentioned above, upon demerger of the Demerged Undertaking of Napino Auto into Napino Tech, Napino Tech will issue equity shares to all the shareholders of Napino Auto on a proportionate basis and the existing share capital of Napino Tech will be cancelled. The shareholders of Napino Auto who held the shares of Napino Auto before the demerger will become the shareholders of Napino Tech substantially in the same proportion as they were in Napino Auto. Accordingly, the Share Entitlement Ratio will primarily be determined by the desired capital structure of Napino Tech post demerger. Hence, there is no Valuation Date fixed for arriving at the Share Entitlement Ratio for the Proposed Transaction.

## 6 Valuation Standards

This report has been prepared in accordance with the International Valuation Standards.

## 7 Source of Information

This report is prepared based on the following sources of information as provided by the management of Napino Auto.

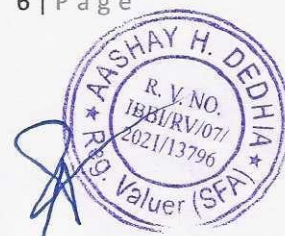
- Draft Scheme of Arrangement
- Shareholding pattern of Napino Auto and Napino Tech
- Unaudited financials of Napino Auto and Napino Tech as of 31 March 2023
- Discussions with the management of Napino Auto and
- Other information / data available in public domain

In addition to the above, we have also obtained such other information and explanations from the Company as were considered relevant for the purpose of the valuation. It may be mentioned that the management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

## 8 Caveats

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. We do not take any responsibility for the unauthorized use of this report.

We owe responsibility only to the client that has appointed us under the terms of the engagement letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss,



damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

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. Accordingly, we express no audit opinion or any other form of assurance on this information.

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the date of this report.

The client and its management/representatives warranted 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 clients, their management and other third parties concerning the financial and other relevant data except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

The report assumes that the company/business complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

We are fully aware that based on the opinion on Share Entitlement Ratio given in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.

## 9 Disclaimer

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. 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 you and the client. Our report is subject to the scope and limitations detailed herein. 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.

In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the





purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

We are “Independent Valuers”. We are independent of the client/company and have no current or expected interest in the Company or its assets. Further, we have not provided any services as an appraiser or in any other capacity within immediately three preceding years from the date of acceptance of this engagement. The fee paid for our services in no way influenced the results of our analysis.

Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

## 10 Distribution of Report

The Analysis is confidential and has been prepared exclusively for Napino Auto and Electronics Limited and Napino Tech Ventures Private Limited. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared with the auditors / advisors / submission to government authorities, regulators and National Company Law Tribunal towards statutory compliances and such other persons as may be required to give effect to the Scheme and we provide our consent for the same.

## 11 Opinion on Share Entitlement Ratio

As mentioned above, in consideration of the demerger, Napino Tech will issue equity shares to the equity shareholders of Napino Auto on a proportionate basis. The Share Entitlement Ratio for the Proposed Transaction is determined based on the desired capital structure of Napino Tech post demerger, as decided by the management.

Accordingly, the management has recommended the following equity share entitlement ratio in consideration for the demerger of the Demerged Undertaking based on the desired capital structure of Napino Tech post demerger.

***“1 (One) fully paid up equity share of INR 10/-each of Napino Tech Ventures Private Limited shall be issued and allotted for every 100 (One Hundred) equity shares of INR 10/- each held in Napino Auto and Electronics Limited”.***

Based on our review, information made available to us and discussions with the management, in our opinion, the aforementioned Share Entitlement Ratio in consideration for the proposed demerger of Demerged Undertaking of Napino Auto into Napino Tech is reasonable.

We believe that the aforesaid Share Entitlement Ratio is fair considering that all the shareholders of Napino Auto are and will, upon proposed demerger, be ultimate beneficial owners of Napino Tech in substantially the same ratio (inter-se) as they hold shares in Napino Auto.





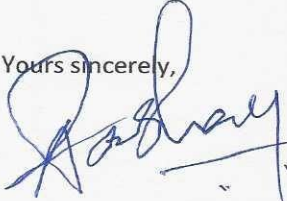

As mentioned above, post the demerger of the Demerge Undertaking all the shareholders of Napino Auto will become ultimate beneficial owners of Napino Tech in substantially the same ratio (inter-se) as they hold shares in Napino Auto. Therefore, no relative valuation of the Demerged Undertaking and Napino Tech is required to be undertaken for the Proposed Transaction.

Accordingly, the valuation approaches as indicated in table below have not been undertaken as they are not relevant in the instant case.

Valuation Approaches	Demerged Undertaking (A)		Napino Tech (B)	
	Value Per Share	Weight (%)	Value Per Share	Weight (%)
Asset Approach	NA	Nil	NA	Nil
Market Approach	NA	Nil	NA	Nil
Income Approach	NA	Nil	NA	Nil

NA – Not Adopted / Not Applicable

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours sincerely,  
  


Aashay Hasmukh Dedhia  
Registered Valuer - Securities or Financial Assets  
(Reg No: IBBI/RV/07/2021/13796)