Annexure- 3

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Date: 22 May 2024

To
The Board of Directors,
HEG Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh - 201301
India

Subject: Recommendation of value per equity share of the Graphite business (hereinafter called the "Graphite Business" or the "Demerged Business" or the "Demerged Undertaking") of HEG Limited ("HEG" or the "Demerged Company" or the "Transferee Company" or the "Client" or the "Company")

Dear Sir / Madam,

We refer to our engagement letter dated 22 May 2024 whereby HEG Limited has appointed PwC Business Consulting Services LLP (hereinafter referred to as "PwC BCS") for recommending the value per equity share ("Valuation") of the Graphite Business in relation to the proposed restructuring (hereinafter referred to as "Transaction" or "Proposed Demerger") pursuant to a scheme of arrangement ("Scheme") being undertaken by the Demerged Company.

PwC BCS has been hereinafter referred to as the "Valuer" or "we" or "us" in this Valuation report ("Report").

BACKGROUND OF COMPANIES

HEG Limited is incorporated under the Companies Act, 1956 with Corporate Identity Number L23109MP1972PLC008290 and has its registered office located at Mandideep, near Bhopal, District Raisen, Madhya Pradesh – 462046, India.

HEG's equity shares are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"). HEG is engaged in the business of manufacturing and exporting of graphite electrodes and operates the world's largest single-site integrated graphite electrodes plant. HEG also has three power generation facilities with a total capacity of about 76.5 MW.

New Co Limited ("Resulting Company"), a company to be incorporated by HEG as its wholly owned subsidiary with a nominal share capital with an object to carry on the Graphite Business.

Bhilwara Energy Limited ("BEL" or "Transferor Company") is incorporated under the Companies Act, 1956 with Corporate Identity Number U31101DL2006PLC148862 and has its registered office located at Bhilwara Bhawan, 40-41, Community Centre New Friends Colony, South Delhi, New Delhi – 201301, India. BEL's equity shares are not listed on any stock exchange in India and HEG holds 49.0% stake in BEL.

BEL is engaged in the business of establishment, operation, and maintenance of power generating stations and tie-lines, sub-stations, and main transmission lines connected therewith. Currently, BEL is engaged in the generation of wind power through a 14 MW wind power project situated in Maharashtra. We further understand that BEL has investments in various hydropower and battery storage companies.

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SCOPE AND PURPOSE OF THIS REPORT

We understand from the management of HEG ("Management") that pursuant to a composite scheme of arrangement (the proposed "Scheme"), HEG envisages the following transactions (individually referred to as "Proposed Transaction" or together referred to as "Proposed Transactions") under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act"):

- **Step I**: Proposed Demerger of the Graphite Business ("Demerged Undertaking") ("Transaction 1") from HEG Limited into New Co Limited ("Resulting Company") on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of HEG Limited, in consideration thereof. Post demerger, the shares of the Resulting Company will be listed on the Indian Stock Exchanges. Further, we understand from the Management that the Scheme complies with the demerger as per section 2(19AA) and other provisions of the Income Tax Act;
- **Step II**: Amalgamation of HEG Limited post the demerger of Graphite Business as indicated in Step I, above with BEL ("Transaction 2").

In this Report, post demerger of Graphite Business, HEG is referred to as "HEG (excluding Graphite Business)".

In connection with the Proposed Transactions above, the Board of Directors of HEG have appointed PwC BCS to submit a Report recommending (i) the value per equity share corresponding to the Graphite Business ("Valuation") as at 18 May 2024 ("Valuation Date"), on a going concern basis. The recommendation to the Board of Directors (including audit committees, as applicable) of HEG shall be for the purpose of determining the value per share of HEG (excluding Graphite Business).

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transactions, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of the Company.

The Report will be used by the Client only for the purpose, as indicated in this Report, for which we have been appointed. The results of our Valuation and our Report cannot be used or relied by the Client 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.

This Report is our deliverable for the above engagement. 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.

The scope of our services is to recommend the value per equity share of the Graphite Business for the Proposed Demerger in accordance with International Valuation Standards.

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SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and gathered from public domain:

- Considered the carved out historical financial information of Graphite Business for the three years ended 31 March 2024;
- Considered the financial projections of Graphite Business from 01 April 2024 to 31 March 2029, including key underlying assumptions with respect to the projected profit & loss account and projected balance sheet;
- Considered the information available in the public domain for comparable companies;
- Discussions with the Management in connection with the Graphite Business , past performance trends and non-recurring/abnormal items, future plans and prospects, etc.;
- Considered the draft Scheme; and
- Considered the International Valuation standards (effective 31 January 2022) published by the International Valuation Standards Council.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Client has been provided with the opportunity to review the draft report (excluding the recommended value/ conclusion) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our Report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

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

- requested and received financial and qualitative information from the Management;
- considered and researched publicly available market data related to the Company/ Graphite Business, and various other industry factors;
- discussions with the Management to understand the business, key value drivers, historical financial performance and projected financial performance;
- selection of well accepted valuation methodology/(ies) as considered appropriate by us; and
- arriving at the value conclusions.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or PricewaterhouseCoopers ("PwC") network firms.

This Report, its contents and the results herein are specific to (i) the purpose as per the terms of our engagement; (ii) Valuation Date and (iii) and are based on the sources of information outlined above including information provided by the Management which we believe to be reliable.

The Management has represented that the business activities of Graphite Business has been carried out in the normal and ordinary course between 31 March 2024 (the date for which the latest financials are publicly available as per the Management) and the date hereof and that no material adverse change has occurred in the operations and financial position between 31 March 2024 and the Valuation Date which will impact the value conclusions.

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An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, industry and other conditions in general and the information made available to us as of, date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In terms of our engagement, we have assumed and relied upon, without independent verification, the accuracy of information made available to us by/ on behalf of the Client. We have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the information provided to us. Our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such information to establish the accuracy or sufficiency of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

Also, with respect to explanations and information sought from/ on behalf of the Client, we have been given to understand by the Management 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 conclusions are based on the information given by/ on behalf of the Client. The Management has indicated to us that they have understood that any material omissions, inaccuracies, or misstatements may materially affect our report. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Client and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Graphite Business will be managed in a competent and responsible manner. Further, except 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 litigation and other contingent liabilities that are not recorded in the carve-out balance sheet of the Graphite Business. Our conclusion assumes that the assets and liabilities of the Graphite Business, reflected in the latest carve-outbalance sheet remain intact as of the Report date.

No investigation of the claims of the Graphite Business to title of assets has been made for the purpose of this Report and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature

Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single value. While we have provided our recommendation based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.

Our Report is not, nor should it be construed as, our opining or certifying the compliance of the proposed Demerger of the Business with the provisions of any law including companies law, FEMA and taxation related laws or as regards any legal implications or issues arising from such

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proposed Demerger. We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Management in this regard.

We must emphasize that the projected financial information has been prepared by the management of the Graphite Business and provided to us for the purpose of our analysis. The fact that we have considered the projected financial information in this exercise should not be construed or taken as our being associated with or a party to such projections. Realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the projected financial information. Since the projected financial information relates to 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 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 the Management.

This Report does not look into the business/ commercial reasons behind the Transactions nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transactions as compared with any other alternative business transactions, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not examined or advised on accounting, legal or tax matters involved in the Transactions.

We owe responsibility to only the Board of Directors of the Company that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Client. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Client, their directors, employees, or agents. In no circumstances shall the liability of PwC BCS, its partners, its directors, or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to us in respect of the fees charged for these services.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent other than in connection with the proposed Transaction. In addition, we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Transactions. Our Report and the opinion contained herein is not and 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.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ 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 Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Client and have no current or expected interest in the Client or its assets. The fee for the engagement is not contingent upon the results reported.

This Report is subject to the laws of India.

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SHARE CAPITAL DETAILS OF HEG LIMITED

The issued and subscribed equity share capital of HEG Limited as of 18 May 2024 is ~INR 38.6 crores consisting of 38,595,506 ordinary shares of face value of INR 10/- each. The equity shareholding pattern of HEG is as follows:

Shareholders	Number of ordinary shares	% Share Holding
Promoter and Group	21,527,974	55.8%
Public	17,067,532	44.2%
Grand Total	38,595,506	100.0%

Source: Based on information provided by Management as of 18 May 2024

The Management has informed us that, without approval of the shareholders, there would not be any variation in the Equity Capital of HEG till the proposed Scheme becomes effective. Accordingly, our Report and value conclusions consider the above shareholding pattern of HEG.

GRAPHITE BUSINESS

Graphite Business means and includes all the activities, business, operations and undertakings of the Transferee Company in relation to designing, development, prototyping, validation, manufacturing, sale and supply of graphite electrodes. We understand that Graphite Business supplies its products to its clients in India, US and Europe.

Below is a snapshot on the operating performance of the Graphite Business for the last three years.

Particulars (INR Cr)	Financial year ending March 31,		
	2022	2023	2024
Revenue	2,202	2,467	2,404
EBITDA	527	620	389
EBITDA Margin	23.9%	25.1%	16.2%

VALUATION APPROACH & METHODOLOGY

There are several commonly used and accepted approaches for determining the value of a business, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value ('NAV') Method
2. Income Approach
    - Discounted Cash Flow ('DCF') Method
3. Market Approach
    - Market Price Method
    - Comparable Companies' Multiples ('CCM') Method
    - Comparable Companies' Transaction Multiples ('CTM') Method

Asset Approach - Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This

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valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. In a going concern scenario, the relative earning power is of importance, with the values arrived at on the net asset basis being of limited relevance.

Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:
Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

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

Market Approach

Under this approach, value of a company is assessed basis its market price (i.e. if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e. similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:

- **Market Price ('MP') Method**

  The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the event only one of the business segments of a Company is valued, the overall market price of that company cannot be considered as the split for value with respect to the business segment is not available.

- **Comparable Companies' Multiple ('CCM') method**

  Under this method, value of a business / company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as sales, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

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- **Comparable Companies' Transaction Multiples ('CTM') Method**

  Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Graphite Business, and other factors which generally influence the valuation of the Graphite Business and their assets.

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 methodology of valuation has been arrived at using usual and conventional methodologies 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 a similar nature.

Out of the above, we have used approaches / methods, as considered appropriate. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled in the next section of this Report.

BASIS OF VALUATION OF GRAPHITE BUSINESS

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 sheet, but which will strongly influence the value of a business. Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single value. While we have provided our recommendation 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 value of the Graphite Business and the proportion of Graphite Business to total HEG value.

Given the nature of the Graphite Business, we have considered it appropriate to apply the DCF Method under the Income Approach and Comparable Companies' Method under the Market Approach. The Value arrived under the DCF Method and the Comparable Companies' Method is adjusted for cash and cash equivalents, surplus assets or any debt/debt like items as appearing in the carve out balance sheet of the Graphite Business at 31 March 2024.

To arrive at the price per equity share contributed by the Graphite Business, we have considered the total issued and paid up equity shares of HEG at 18 May 2024.

Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value which can be considered for adjusting equity share price of HEG to arrive at the value per share of HEG (excluding Graphite Business). Accordingly, for this

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purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

CONCLUSION

Based on consideration of the relevant factors and circumstances as discussed and outlined in this Report, the value per equity share of HEG corresponding to the Graphite Business is as under:

Method	**Graphite Business of HEG**	
	Value per share (INR)	Weight
Income Approach (DCF Method)	2,033.8	50.0%
Market Approach (CCM method)	1,928.1	50.0%
Net Asset Value Method	776.5	NA
Value per share	**1,981.0**	**100.0%**

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

NEERAJ GARG Digitally signed by NEERAJ GARG Date: 2024.05.22 16:15:02 +05'30'

Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 22 May 2024
RVN: IOVRVF/PWC/2024-2025/3487

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05 June 2024

The Board of Directors
HEG Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301,
India

Ref: Valuation report ("Report") on the recommendation of value per equity share of the Graphite Business issued by PwC Business Consulting Services LLP ("PwC BCS" or "us") dated 22 May 2024

Dear Sir/ Madam,

We refer to our engagement letter dated 22 May 2024 whereby HEG Limited ("HEG" or the "Client" or the "Demerged Company" or the "Transferee Company") has appointed us to provide Report for the Proposed Transactions (as defined hereinafter).

We understand that pursuant to a composite scheme of Arrangement ("Scheme"), the following transactions are proposed (together referred to as "Proposed Transactions") under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable:

- **Step I**: Demerger of the Graphite Business ("Demerged Undertaking") ("Transaction 1") from the Demerged Company into New Co Limited ("Resulting Company") on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof. Post demerger, the shares of the Resulting Company will be listed on the Indian Stock Exchanges. Further, we understand from the management of HEG that the Scheme complies with the definition of demerger as per section 2(19AA) and other provisions of the Income Tax Act.
- **Step II**: Amalgamation of BEL with HEG Limited (post the demerger of Graphite Business as indicated in Step I above) ("Transaction 2").

Accordingly, we have completed our procedures and submitted the Report providing the value per equity share of the Graphite Business on 22 May 2024.

Given that pursuant to Step II indicated above, HEG Limited (post the demerger of Graphite Business) will be the surviving entity and BEL will merge with HEG Limited, the words "merger of HEG (excluding Graphite Business) with BEL" in section 'SCOPE AND PURPOSE OF THIS REPORT', paragraph 1 second bullet of our Report should be read as "merger of BEL with HEG (excluding Graphite Business)".

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Registered Office : 11-A,Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.

The capitalized terms used herein and not defined shall have the same meaning as ascribed to our Report dated 22 May 2024.

Our Report dated 22 May 2024 should be read in conjunction with this letter.

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

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Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 05 June 2024

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Dated: 22 May 2024

The Board of Directors
HEG Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301,
India

The Board of Directors
Bhilwara Energy Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301
India

Re:

1. Opinion on the Share Entitlement Ratio for the proposed demerger of Graphite Business from HEG Limited ("Demerged Company" or the "Transferee Company") into Resulting Company; and
2. Recommendation of the fair Share Exchange Ratio for the proposed amalgamation of HEG Limited (post the above referred demerger) and Bhilwara Energy Limited ("Transferor Company").

Dear Sir / Madam,

We refer to our engagement letter dated 22 May 2024 whereby HEG Limited ("HEG") and Bhilwara Energy Limited ("BEL") (together referred to as the "Clients" or the "Companies") have appointed PwC Business Consulting Services LLP (hereinafter referred to as "PwC BCS") to:

- Opine on the share entitlement ratio ("Share Entitlement Ratio") for the demerger of Graphite Business from HEG Limited into Resulting Company; and
- Recommend the fair share exchange ratio ("Share Exchange Ratio") for the proposed amalgamation of HEG Limited (post the demerger of Graphite Business as indicated above) and Bhilwara Energy Limited.

PwC BCS has been hereinafter referred to as the 'Valuer' or 'we' or 'us' in this share exchange ratio report ("Share Exchange Report" or "Report").

BACKGROUND OF COMPANIES

HEG Limited ("HEG" or "Demerged Company" or "Transferee Company") is incorporated under the Companies Act, 1956 with Corporate Identity Number L23109MP1972PLC008290 and has its registered office located at Mandideep near Bhopal, District Raisen, Madhya Pradesh – 462046, India.

HEG's equity shares are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"). HEG is engaged in the business of manufacturing and exporting of graphite electrodes and operates the world's largest single-site integrated graphite electrodes plant. HEG also has three power generation facilities with a total capacity of about 76.5 MW.

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Delhi – 201301, India. BEL's equity shares are not listed on any stock exchange in India. HEG holds 49.0% stake in Bhilwara Energy Limited.

BEL is engaged in the business of establishment, operation, and maintenance of power generating stations and tie lines, sub-stations, and main transmission lines connected therewith. Currently, BEL is engaged in the generation of wind power through a 14 MW wind power project situated in Maharashtra. We further understand that BEL has investments in various hydropower and battery storage companies.

Transferee Company, Resulting Company and Transferor Company together are referred to as "Companies" in this Report.

SCOPE AND PURPOSE OF THIS REPORT

We understand that pursuant to a composite scheme of arrangement (the proposed "Scheme"), the following transactions are proposed (together referred to as "Proposed Transactions") under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable:

- **Step I**: Demerger of the Graphite Business ("Demerged Undertaking") ("Transaction 1") from the Demerged Company into New Co Limited ("Resulting Company") on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof. Post demerger, the shares of the Resulting Company will be listed on the Indian Stock Exchanges. Further, we understand from the management of Clients ("Management") that the Scheme complies with the definition of demerger as per section 2(19AA) and other provisions of the Income Tax Act.
- **Step II**: Amalgamation of HEG Limited (post the demerger of Graphite Business as indicated in Step I above) with BEL ("Transaction 2").

In this Report, post demerger of Graphite Business, HEG is referred to as "HEG (excluding Graphite Business)".

We understand from the Scheme that as consideration for

i. Transaction 1, the equity shareholders of HEG would be issued equity shares of Resulting Company. Simultaneous with the issuance of such equity shares to the shareholders of HEG, the issued and paid up capital of the Resulting Company as on the effective date, shall be automatically cancelled; and
ii. Transaction 2, the equity shareholders of BEL would be issued equity shares of HEG (excluding Graphite Business).

For the aforesaid purpose, the Board of Directors of the Clients have appointed PwC BCS to submit a Registered Valuer Report providing:

- Opinion on the Share Entitlement Ratio recommended by the Management for the proposed demerger of the Graphite Business from HEG into Resulting Company ("Transaction 1"); and
- Recommendation of fair Share Exchange Ratio for Transaction 2 i.e. merger of BEL with HEG (excluding Graphite Business).

on a going concern basis with 18 May 2024 being the Valuation Date, for the consideration of the Board of Directors of the Clients in accordance with the generally accepted professional standards.

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It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transactions, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of Clients.

As per the Scheme, we understand that the Appointed Date for the Proposed Transactions is 01 April 2024.

The Report will be used by the Clients only for the purpose, as indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Clients 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.

The scope of our services is to opine on the Share Entitlement Ratio for Transaction 1 and conduct a relative (and not absolute) valuation of equity shares of the HEG (excluding Graphite Business) and BEL and to recommend a fair Share Exchange Ratio for Transaction 2 in accordance with generally accepted professional standards.

This Report is our deliverable for the above engagement. 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.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and gathered from public domain:

- Considered the audited financial statements of the Transferor Company and its investee companies for the last three years ended 31 March 2024;
- Considered the carve out financials of HEG (excluding Graphite Business) for the last three years ended 31 March 2024;
- Considered the financial projections of the Transferor Company and its investee companies from 01 April 2024 to 31 March 2029[1], including key underlying assumptions with respect to the projected profit & loss account, and projected balance sheet;
- Considered the financial projections of the investee companies of HEG (excluding Graphite Business) from 01 April 2024 to 31 March 2029, including key underlying assumptions with respect to the projected profit & loss account and projected balance sheet;
- Details of surplus assets such as real estate and valuation report/ estimates thereof;
- Considered the draft Scheme;
- Considered the market prices of HEG as published by NSE;
- Analysis of general market data, including economic and industry information that may affect the value;
- Considered information available in the public domain in respect of the comparable companies / transactions, as appropriate, if available;
- Considered the International Valuation standards (effective 31 January 2022) published by the International Valuation Standards Council, and;
- Other information and documents that we considered necessary for the purpose of this engagement.

[1] For project generation companies, the projections were shared basis balance tenure of the power purchase agreement/ license period with us.

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During the discussions with the management of the Companies and their subsidiaries, we have also obtained explanations and information considered reasonably necessary for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding our conclusions) as part of our standard practice to make sure that factual accuracies / omissions are avoided in our final report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

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

- requested and received financial and qualitative information from the Management;
- considered and researched publicly available market data related to the Companies and various other industry factors;
- discussions with the management of the Companies to understand the business, key value drivers, historical financial performance and projected financial performance of the respective companies;
- selection of well accepted valuation methodology/(ies) as considered appropriate by us; and
- arriving at values of HEG (excluding Graphite Business) and BEL on a relative basis in order to determine the fair Share Exchange Ratio for the Transaction 2.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or PwC network firms.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed per the terms of our engagement; (ii) Valuation Date and (iii) and are based on the balance sheets of the respective companies as at 31 March 2024 and other information provided by the Management. The Management has represented that the business activities of the companies have been carried out in the normal and ordinary course between 31 March 2024 and the date hereof and that no material adverse change has occurred in their respective operations and financial position between 31 March 2024 and the Valuation Date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, industry and other conditions in general and the information made available to us as of, date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by/ on behalf of the Clients. In accordance with our Engagement Letter 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 financial information provided to us. We have not independently investigated or otherwise verified the data provided by/ on behalf of the Clients. 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 require us to conduct any financial or technical feasibility study. We have not done any independent technical

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valuation or appraisal or due diligence of the assets or liabilities of the Companies and their investee 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.

Also, with respect to explanations and information sought from/ on behalf of the Clients, we have been given to understand by the Management 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 conclusions are based on the assumptions and information given by/ on behalf of the Clients. The Management has indicated to us that they have understood that any material omissions, inaccuracies, or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Clients and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that these Companies will be managed in a competent and responsible manner. Further, except 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 litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the claims of the Companies to title of assets has been made for the purpose of this Report and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We must emphasize that the projected financial information has been prepared by the management(s) of the respective Companies and provided to us for the purpose of our analysis. The fact that we have considered the projected financial information in this exercise should not be construed or taken as our being associated with or a party to such projections. Realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the projected financial information. Since the projected financial information relates to 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 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 the Management.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Management in this regard.

This Report does not look into the business/ commercial reasons behind the Proposed Transactions nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transactions as compared with any other alternative business transactions, or other alternatives, or whether or not such alternatives could be achieved or are

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available. We have not examined or advised on accounting, legal or tax matters involved in the Proposed Transactions.

We owe responsibility to only the Boards of Directors of the Clients that have appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Clients. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employees, or agents.

In no circumstances shall the liability of a Valuer, its partners, its directors, or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent other than in connection with the Proposed Transactions. In addition, we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transactions. Our Report and the opinion/ valuation analysis contained herein is not and 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.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ 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 Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Clients and have no current or expected interest in the Clients or its assets. The fee for the engagement is not contingent upon the results reported.

This Valuation Report is subject to the laws of India.

Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

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SHARE CAPITAL DETAILS OF THE COMPANIES

HEG Limited

The issued and subscribed equity share capital of HEG as at 18 May 2024 is INR 38.6 crores consisting of 38,595,506 equity shares of face value of INR 10 /- each. The equity shareholding pattern of HEG is as follows:

Shareholders	Number of Equity Shares	% Share Holding
Promoter and Promoter Group	21,527,974	55.8%
Public	17,067,532	44.2%
Grand Total	**38,595,506**	**100.0%**

Source: Management

Bhilwara Energy Limited

The issued and subscribed equity share capital of BEL as at 18 May 2024 is ~INR 165.8 crores consisting of 165,759,311 equity shares of face value of INR 10 /- each. The equity shareholding pattern of BEL is as follows:

Shareholders	Number of Equity Shares	% Share Holding
Promoter and Promoter Group	84,526,751	50.99%
HEG Limited	81,232,560	49.01%
Grand Total	**165,759,311**	**100.0%**

Source: Management

The Management has informed us that, without approval of the shareholders, there would not be any variation in the equity capital of the Companies till the proposed Scheme becomes effective. Accordingly, our Report and recommendation of the Share Exchange Ratio considers the above shareholding pattern of the Companies.

APPROACH & METHODOLOGY - BASIS OF TRANSACTION

The proposed Scheme of Arrangement contemplates (i) Demerger of Graphite Business from HEG into Resulting Company; and (ii) merger of BEL with HEG (excluding Graphite Business).

To opine on the Share Entitlement Ratio for Transaction 1, we have considered the impact of Transaction 1 (i.e. demerger) on the economic beneficial interest of the equity shareholders of HEG.

To arrive at the Share Exchange Ratio for Transaction 2, we have determined the relative valuation of HEG (excluding Graphite Business) and BEL, based on different valuation approaches explained here below, and considered qualitative factors relevant to the respective companies.

There are several commonly used and accepted valuation approaches for determining the value of shares of a company/ business, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value ('NAV') Method
2. Income Approach
   - Discounted Cash Flow ('DCF') Method

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3. Market Approach
    - Market Price Method
    - Comparable Companies' Multiples ('CCM') Method
    - Comparable Companies' Transaction Multiples ('CTM') Method

Asset Approach - Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. A Scheme of Amalgamation would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:
Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

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

Market Approach

Under this approach, value of a company is assessed basis its market price (i.e. if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e. similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:

- **Market Price ('MP') Method**

    The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the case of amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- **Comparable Companies' Multiple ('CCM') method**

  Under this method, value of a business / company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as sales, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- **Comparable Companies' Transaction Multiples ('CTM') Method**

  Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to 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, and other factors which generally influence the valuation of the above companies and their assets.

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 methodology of valuation has been arrived at using usual and conventional methodologies 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 a similar nature.

Out of the above, we have used approaches / methods, as considered appropriate. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled in the next section of this Report.

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SHARE ENTITLMENT RATIO FOR DEMERGER (TRANSACTION 1)

We understand from the Scheme that upon demerger of Graphite Business from HEG into the Resulting Company, the Management proposes to issue 1 equity share of Resulting Company (of INR 10 each fully paid up) to all the equity shareholders of HEG, in lieu of 1 equity share of HEG (of INR 10 each fully paid up).

The proposed demerger shall entail allotment of equity shares of the Resulting Company to all the equity shareholders of HEG, on a proportionate basis, and all equity shareholders of HEG shall be the beneficial economic interest owners of the Resulting Company, i.e. Shareholding pattern of Resulting Company shall mirror the shareholding pattern of HEG.

We believe that the proposed Share Entitlement Ratio does not affect the beneficial economic ownership of the existing shareholders of HEG and can be deemed fair and reasonable from a commercial point of view.

BASIS OF SHARE EXCHANGE RATIO (TRANSACTION 2)

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., 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.

The determination of a fair share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single fair share exchange ratio. While we have provided our recommendation of the fair Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair Share Exchange Ratio of the equity shares of HEG (excluding Graphite Business) and BEL. The final responsibility for the determination of the exchange ratio at which the Transaction 2 shall take place will be with the Board of Directors of Client who should consider other factors such as their own assessment of the Transaction 2 and input of other advisors.

The fair Share Exchange Ratio has been arrived at on the basis of a relative equity valuation (on a per share basis) of HEG (excluding Graphite Business) and BEL based on the various methodologies explained herein earlier and various qualitative considered relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions, and limitations.

In the current analysis, the amalgamation of HEG (excluding Graphite Business) with BEL is proceeded with on the assumption that HEG (excluding Graphite Business) and BEL would amalgamate as going concerns and actual realization of the operating assets for HEG (excluding Graphite Business) and BEL is not contemplated. In such 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.

Given the nature of the businesses of HEG (excluding Graphite Business) and BEL and the fact that we have been provided with projected financials for each of the HEG (excluding Graphite Business) segments (including subsidiaries and associates) and each of BEL segments (including subsidiaries and associates), we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the relative value of the equity shares of HEG

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(excluding Graphite Business) and BEL for the purpose of arriving at the fair Share Exchange Ratio.

Within the DCF Method, equity value per share for HEG (excluding Graphite Business) and BEL is computed as follows:

- Equity values for each of the businesses comprising HEG (excluding Graphite Business) (i.e. investments in subsidiaries and associates) have been computed separately using the DCF Method and adjusted for the value of cash and cash equivalents and surplus assets as appearing in the balance sheet as at 31 March 2024 to arrive at the equity value of HEG (excluding Graphite Business). To arrive at the price per equity share of HEG (excluding Graphite Business), we have considered the total issued and paid up equity shares of HEG as at 18 May 2024.
- Equity values for each of the businesses comprising BEL segments (including subsidiaries and associates) is computed separately using DCF Method and adjusted for debt & debt like items, cash and cash equivalents and surplus assets as appearing in the balance sheet as at 31 March 2024 to arrive at the equity value of BEL. To arrive at the price per equity share of BEL, we have considered the total issued and paid up equity shares of BEL as at 18 May 2024.

In the present case, the equity shares of HEG Limited are listed on NSE and BSE. However, pursuant to Transaction 1, the Graphite Business shall be demerged from HEG into Resulting Company and hence, MP Method cannot be used for the valuation of HEG (excluding Graphite Business). The equity shares of BEL are not listed on any stock exchanges and hence MP Method cannot be used for the valuation of BEL.

Considering the absence of strictly comparable companies to the nature and stage of operations of each of the investee companies of HEG (excluding Graphite Business) and BEL, we have not considered the CCM Method. Further, CTMs Method is not applied owing to the absence of strictly comparable transactions and paucity of publicly available data on transactions in the relevant industry.

For our final analysis and recommendation, we have relied primarily on the Income Approach to arrive at the relative value of equity shares of HEG (excluding Graphite Business) and BEL for the purpose of the Transaction 2.

The basis of the proposed amalgamation would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. It is important to note that we are not attempting to arrive at the absolute equity values of HEG (excluding Graphite Business) and BEL but at their relative values to facilitate the determination of a fair Share Exchange Ratio for Transaction 2.

We have applied methods discussed above, as considered appropriate, and arrived at their assessment of the relative values per equity share of HEG (excluding Graphite Business) and BEL. To arrive at the Share Exchange Ratio for Transaction 2, suitable minor adjustments/ rounding off have been done in the relative values for arriving at the recommended swap ratio.

In view of the above, considering the relevant facts and circumstances detailed in this Report, the tables below summaries the workings pertaining to the value per share of the Transferor Company and Transferee Company and the Share Exchange Ratio for Transaction 2 as derived by us.

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Valuation Approach	HEG (excluding Graphite Business)		BEL	
	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight
Income Approach - DCF Method	562.8	100.0%	128.7	100.0%
Market Approach	NA	0.0%	NA	0.0%
Asset Approach – NAV	297.5	0.0%	30.6	0.0%
Concluded Value per Share	**562.8**		**128.7**	

NA – Not Applicable

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Floor Price for HEG (excluding Graphite Business)

Considering the value per equity share of HEG (excluding Graphite Business) of INR 562.8 as stated above and the value per equity share of INR 1,981.0 for Graphite Business (refer our report of 22 May 2024[2] for the value per equity share of Graphite Business), the total value per equity share for HEG Limited is INR 2,543.8. Accordingly, the proportion of Transferee Company i.e. HEG (excluding Graphite Business) is 22.1% of the overall value of HEG Limited, with the remaining 77.9% pertaining to the Graphite Business.

As per Section 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR"), the price per equity share of HEG based on the higher of a) 10 trading days and b) 90 trading days volume weighted average price ("VWAP") as of 21 May 2024 i.e. preceding the relevant date of 22 May 2024 is INR 2,449.4.

Applying the percentage value contributed by HEG (excluding Graphite Business) of ~22.1% to the price per equity share of HEG, derived as the higher of 10 trading days and 90 trading days VWAP, the adjusted floor price applicable to Transferee Company i.e. HEG (excluding Graphite Business) is concluded as INR 541.9.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following fair Share Exchange Ratio:

- **8 equity shares of HEG (excluding Graphite Business) (of INR 10 each fully paid up) for every 35 equity shares of BEL (of INR 10 each fully paid up).**

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

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Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 22 May 2024
RVN - IOVRVF/PWC/2024-2025/3487

[2] Report issued with the same RVN.

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05 June 2024

The Board of Directors
HEG Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301,
India

The Board of Directors
Bhilwara Energy Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301
India

Ref: Share Exchange Ratio ("SER") report issued by PwC Business Consulting Services LLP ("PwC BCS" or "us") dated 22 May 2024

Dear Sir/ Madam,

We refer to our engagement letter dated 22 May 2024 whereby HEG Limited ("HEG" or "Demerged Company" or "Transferee Company") and Bhilwara Energy Limited ("BEL" or "Transferor Company") (together referred to as the "Clients" or the "Companies") had appointed us to provide SER report for the Proposed Transactions (as defined hereinafter).

We understand that pursuant to a composite scheme of Arrangement ("Scheme"), the following transactions are proposed (together referred to as "Proposed Transactions") under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable:

- **Step I**: Demerger of the Graphite Business ("Demerged Undertaking") ("Transaction 1") from the Demerged Company into New Co Limited ("Resulting Company") on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof. Post demerger, the shares of the Resulting Company will be listed on the Indian Stock Exchanges. Further, we understand from the management of Clients ("Management") that the Scheme complies with the definition of demerger as per section 2(19AA) and other provisions of the Income Tax Act.
- **Step II**: Amalgamation of BEL with HEG Limited (post the demerger of Graphite Business as indicated in Step I above) ("Transaction 2") .

Accordingly, we have completed our procedures and submitted the SER report providing our opinion on the share entitlement ratio for Transaction 1 and recommendation of the fair share exchange ratio for Transaction 2 on 22 May 2024.

Given that pursuant to Step II indicated above, HEG Limited (post the demerger of Graphite Business) will be the surviving entity and BEL will merge with HEG Limited, the words "merger of HEG (excluding Graphite Business) with BEL" in section:

- 'SCOPE AND PURPOSE OF THIS REPORT', paragraph 1 second bullet; and
- 'BASIS OF SHARE EXCHANGE RATIO (TRANSACTION 2)', paragraph 4

of our SER report should be read as "merger of BEL with HEG (excluding Graphite Business)".

PwC Business Consulting Services LLP, 252 Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028.
T : +91 (22) 66691500, F: + 91 (22) 66547801 /04 / 07 / 08, www.pwc.com/india

LLPIN : AAO-9288 Registered with limited liability.
Registered Office : 11-A,Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.

The capitalized terms used herein and not defined shall have the same meaning as ascribed to our SER report dated 22 May 2024.

Our SER report dated 22 May 2024 should be read in conjunction with this letter.

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

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Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 05 June 2024

12 June 2024

The Board of Directors
HEG Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301,
India

The Board of Directors
Bhilwara Energy Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301
India

Ref: Share Exchange Ratio ("SER") report issued by PwC Business Consulting Services LLP ("PwC BCS" or "us") dated 22 May 2024

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We understand that pursuant to a composite scheme of Arrangement ("Scheme"), the following transactions are proposed (together referred to as "Proposed Transactions") under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable:

- **Step I**: Demerger of the Graphite Business ("Demerged Undertaking") ("Transaction 1") from the Demerged Company into New Co Limited ("Resulting Company") on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof. Post demerger, the shares of the Resulting Company will be listed on the Indian Stock Exchanges. Further, we understand from the management of Clients ("Management") that the Scheme complies with the definition of demerger as per section 2(19AA) and other provisions of the Income Tax Act.
- **Step II**: Amalgamation of BEL with HEG Limited (post the demerger of Graphite Business as indicated in Step I above) ("Transaction 2").

Accordingly, we have completed our procedures and submitted the SER report providing our opinion on the share entitlement ratio for Transaction 1 and recommendation of the fair share exchange ratio for Transaction 2 on 22 May 2024.

We were informed vide your email dated 10 June 2024, that the New Co Limited referred to in our SER report has been incorporated on 04 June 2024 as HEG Graphite Limited. Accordingly, the words "New Co Limited" referred to in our SER report should be read as "HEG Graphite Limited".

PwC Business Consulting Services LLP, 252 Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028.
T : +91 (22) 66691500, F: + 91 (22) 66547801 /04 / 07 / 08, www.pwc.com/india
LLPIN : AAO-9288 Registered with limited liability.
Registered Office : 11-A,Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.

Our SER report dated 22 May 2024 should be read in conjunction the letter dated 05 June 2024 and this letter.

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 12 June 2024

12 June 2024

The Board of Directors
HEG Limited
Bhilwara Towers, A-12,
Sector-1, Noida
Uttar Pradesh-201301,
India

Ref: Valuation report ("Report") on the recommendation of value per equity share of the Graphite Business issued by PwC Business Consulting Services LLP ("PwC BCS" or "us") dated 22 May 2024

Dear Sir/ Madam,

We refer to our engagement letter dated 22 May 2024 whereby HEG Limited ("HEG" or the "Client" or the "Demerged Company" or the "Transferee Company") has appointed us to provide Report for the Proposed Transactions (as defined hereinafter).

We understand that pursuant to a composite scheme of Arrangement ("Scheme"), the following transactions are proposed (together referred to as "Proposed Transactions") under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable:

- **Step I**: Demerger of the Graphite Business ("Demerged Undertaking") ("Transaction 1") from the Demerged Company into New Co Limited ("Resulting Company") on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof. Post demerger, the shares of the Resulting Company will be listed on the Indian Stock Exchanges. Further, we understand from the management of HEG that the Scheme complies with the definition of demerger as per section 2(19AA) and other provisions of the Income Tax Act.
- **Step II**: Amalgamation of BEL with HEG Limited (post the demerger of Graphite Business as indicated in Step I above) ("Transaction 2").

Accordingly, we have completed our procedures and submitted the Report providing the value per equity share of the Graphite Business on 22 May 2024.

We were informed vide your email dated 10 June 2024, that the New Co Limited referred to in our Report has been incorporated on 04 June 2024 as HEG Graphite Limited. Accordingly, the words "New Co Limited" referred to in our Report should be read as "HEG Graphite Limited".

PwC Business Consulting Services LLP, 252 Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400028.
T : +91 (22) 66691500, F: + 91 (22) 66547801 /04 / 07 / 08, www.pwc.com/india
LLPIN : AAO-9288 Registered with limited liability.
Registered Office : 11-A,Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.

Our Report dated 22 May 2024 should be read in conjunction with the letter dated 05 June 2024 and this letter.

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 12 June 2024

To,

Date: 11th June, 2024

BSE Limited
P J Towers, Dalal Street
MUMBAI - 400 001.

Scrip Code: 509631

Sub: Confirmation from the HEG Limited.

Dear Sir/ Madam,

HEG Limited ("**the Company**") hereby confirm the following:

(i) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

(ii) None of the companies involved in the scheme has any past defaults on listed debt obligations.

For **HEG Limited**

Vivek Chaudhary
Company Secretary
M.No. A – 13263

HEG LIMITED NOIDA LNJ

HEG GRAPHITE LIMITED

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

To,

Date: 11th June, 2024

BSE Limited
P J Towers, Dalal Street
MUMBAI - 400 001.

Sub: Confirmation from the HEG Graphite Limited.

Dear Sir/ Madam

HEG Graphite Limited ("**the Company**") hereby confirms the following:

(i) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

(ii) None of the companies involved in the scheme has any past defaults on account of listed debts.

For **HEG Graphite Limited**

Manish Gulati
Director
DIN: 08697512

HEG GRAPHITE LIMITED NOIDA

HEG GRAPHITE LIMITED
CIN: U23994MP2024PLC071568

Corporate Office:
Bhilwara Towers, A-12, Sector – 1,
Noida – 201301 (NCR-Delhi), India
Tele.: +91 120-4390300 (EPABX)
Fax.: 91-120-4277841

Registered Office:
C/o HEG Limited, NH-12, Dist. Raisen Near Bhopal,
Mandideep, Bhopal, Huzur Madhya Pradesh, India,
462046
Tel.: +91-7480-405500, 233524 to 233527
Fax: + 917480-233522

E- Mail: investor.heggraphite@lnjbhilwara.com

Date: 10th June, 2024

To,
BSE Limited
P J Towers, Dalal Street
MUMBAI - 400 001.

Sub: Confirmation from the Bhilwara Energy Limited.

Dear Sir/ Madam

Bhilwara Energy Limited ("the Company") hereby confirm the following:

(i) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

(ii) None of the companies involved in the scheme has any past defaults on listed debts obligations.

For **Bhilwara Energy Limited**

BHILWARA ENERGY LIMITED

Ravi Gupta
Company Secretary
M.No. F5731