

**CONFIDENTIAL**

Date: 30 November 2023

To  
The Audit Committee / Board of Directors,  
9/1 R.N. Mukherjee Road,  
Kolkata 700 001,  
West Bengal, India,

**I. Engagement Background**

We understand that the Board of Directors of Kesoram Industries Limited ("**KIL**" or "**Company**" or "**Demerged Company**") is considering a Composite Scheme of Arrangement ("**Scheme**") under the applicable provisions of Companies Act, 2013 with UltraTech Cement Limited ("**Ultratech**" or "**Resulting Company**") for the proposed demerger of cement business of KIL (herein referred to as "**Demerged Undertaking**") into UltraTech (referred to as "**Demerger**" or "**Transaction**").

The Scheme envisages the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company in a manner, as set forth in the draft Scheme shared with us. We further understand that the scheme approved by respective boards of Directors of KIL and Ultratech will be filed with the appropriate authorities.

We further understand that the Share Exchange Ratio Report for the proposed transaction has been arrived at based on the Share Exchange Ratio Report dated November 30, 2023 ("**Share Exchange Ratio Report**" or "**Report**") prepared jointly by Bansi S. Mehta Valuers LLP ("**BSM**") and PwC Business Consulting Services LLP ("**PwC BCS**"), whereby BSM and PwC BCS have been appointed by UltraTech and KIL, respectively, to recommend the fair Share Exchange Ratio(s). BSM and PwC BCS are hereinafter jointly referred to as "**Valuers**".

The Share Exchange Ratios have been accordingly recommended under a report dated November 30, 2023 ("**Share Exchange Ratio Report**" or "**Report**") provided jointly by Valuers.

**II. Background**

A brief history of each of the aforesaid companies is as under –

- Kesoram Industries limited, a public company incorporated under the provisions of the Indian Companies Act, 1913, having its registered office at 8<sup>th</sup> Floor, Birla Building, 9/1 R N Mukherjee Road, Kolkata 700 001 ("**Demerged Company**"). The Demerged Company is, inter alia, engaged, directly or indirectly through its subsidiaries, in the businesses of manufacture and sale of cement, rayon, transparent paper and chemicals. The equity



shares of the Demerged Company are listed on BSE Limited, the National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited.

- UltraTech Cement Limited, a public company, limited by shares, incorporated under the provisions of the Companies Act, 1956, having its registered office at B-Wing, Ahura Centre, 2<sup>nd</sup> Floor, Mahakali Caves Road, Andheri East, Mumbai – 400093 ("**Resultant Company**"). The Resulting Company is, inter alia, engaged in the business of manufacture and sale of various grades and types of cement, ready mix concrete and other cement related products. The equity shares of the Resulting Company are listed on BSE Limited and the National Stock Exchange of India Limited.
- "Demerged Undertaking" means all of the Cement Business division and ancillary and support services together with all business units, undertakings, assets, properties, investments (direct and indirect), branches (direct and indirect), marketing/dealer network, and liabilities of whatsoever nature and kind, and wherever situated, of the Demerged Company, in relation to and pertaining to the Cement Business division.

#### **Background of the Scheme**

Part II of the Scheme provides for:

##### *Demerger and Vesting of the Demerged Undertaking*

- Upon the Scheme becoming effective and upon the demerger of the Demerged Undertaking of the Demerged Company with the Resulting Company in terms of this Scheme, the Resulting Company shall, subject to regulatory approval, if any, issue and allot;
  - Equity shares to the eligible shareholders of the Demerged Company
  - Fully paid- Non-convertible Redeemable Preference Shares to the eligible holders of the non-convertible cumulative redeemable preference shares of the Demerged Company ("**RPS 1**")
  - Fully paid- Non-convertible Redeemable Preference Shares to the eligible holders of the optionally convertible redeemable preference shares of the Demerged Company ("**RPS 2**") (together defined as "**Consideration**")

In connection with the demerger of the Demerged Undertaking of the Demerged Company with the Resulting Company, by way of our Engagement Letter dated November 29, 2023 you requested us to examine the Share Exchange Report issued by the Valuers and other related information provided by the Demerged Company and Resulting Company and issue our independent opinion as to the fairness of the Share Exchange Report (the "**Fairness Opinion**" or "**Opinion**") pursuant to the provisions of the Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 issued by SEBI and as amended from time to time ("**SEBI Circulars**").



**Source of information and analysis**

For arriving at the Fairness Opinion, we have amongst others:

- reviewed the draft of the proposed Scheme
- reviewed the Share Exchange Report prepared by the Valuers;
- reviewed certain historical business and financial information relating to each of the relevant entities, as provided by the Company, and sought certain clarifications with respect to the same;
- held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilized by them in preparing the Report and rationale for their recommendations.
- sought appropriate clarifications from the respective senior management teams of the relevant companies relating to what we considered necessary to arrive at the opinion;
- reviewed certain publicly available information with respect to certain other companies in the same line of business and which we believe to be generally relevant in the context of the businesses of Demerged Company; and
- Considered such other information and factors including financial analysis, as we deemed appropriate commensurate with the scope of the assignment.

**III. Limitation of Scope and Review**

Our Opinion and analysis is limited to the extent of review of documents as provided to us by Demerged Company including the Report prepared by the Valuers and the draft Scheme.

While Demerged Company is responsible to ensure the accuracy and completeness of any and all the information given to us, we have independently conducted due diligence of such information which were considered essential for us to arrive at our opinion and to the extent practical and reasonable. Further we have also assumed and relied upon the accuracy and completeness of all information, documents, data and explanations provided to us for the purpose of this engagement. We have relied upon assurances of the management of Demerged Company and Resulting Company that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect. The respective management of Demerged Company and Resulting Company as well as the Valuers have indicated to us that it is understood that any omissions, inaccuracies or misstatements may materially affect our Opinion. Accordingly, we assume no responsibility for any errors in the above information furnished, to us, by Demerged Company/Resulting Company /Valuers and their impact on the present exercise.

The Fairness Opinion is provided as on date of the Share Exchange Report and, therefore, this Fairness Opinion does not consider events occurring after that day. We have not conducted any physical inspection or title verification, independent valuation or appraisal of any properties of Demerged Company and Resulting Company and /or any of their assets or

liabilities and do not express any opinion with respect thereto. Nor have we been furnished with any such appraisals. We do not express any opinion as to the value of any asset whether at current prices or in the future. We have not reviewed any internal management information statements for the purposes of this Fairness Opinion

We express no opinion on the achievability of the forecasts, if any, given to us. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both - the most likely set of future business events and circumstances and the management's course of action related to them. It may occur that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

We express no view as to, and our Opinion does not address, the underlying business decision of Demerged Company and/or Resulting Company to effect the proposed Scheme or the merits of the proposed Scheme. Our Opinion does not constitute a recommendation to any shareholder or creditor of Demerged Company and/or Resulting Company and its subsidiaries as to how such shareholder or creditor should vote on the proposed Scheme or any matter related thereto. In addition, this Opinion does not in any manner address the price at which the Company's equity shares will trade following consummation of the Scheme.

In rendering our Opinion, we have assumed, that the Scheme, with your consent, will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Demerged Company and/or Resulting Company and/ or their subsidiaries and/or their respective shareholders. We have further assumed that the transaction would be carried out in compliance with applicable laws, rules and regulations.

Our Opinion does not factor overall economic environment risk, material adverse change and other risks and is purely based on the information and representations provided to us. Our Opinion does not address matters such as corporate governance or shareholder rights. We have assumed that the Scheme is legally enforceable.

No consideration has been given to any liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.





We do not express any opinion as to any tax or other consequences that might arise from the Scheme Demerged Company and Resulting Company and/ or their subsidiaries and/or their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that Demerged Company and Resulting Company have obtained such advice as it deemed necessary from qualified professionals.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the demerger of the Demerged Undertaking of Demerged Company into Resulting Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We or our affiliates or group companies may have in the past provided, and may currently or in the future provide, investment banking, broking, research or banking services to Demerged Company and/or Resulting Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we may have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of DAM Capital Advisors Limited ("**DAM Capital**") may actively trade securities of Demerged Company and/or Resulting Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of Demerged Company in connection with its consideration of the Scheme and for none other. Neither DAM Capital, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.

We do not accept any liability to any third party in relation to the issue of this Opinion, and our Opinion is conditional upon an express indemnity from Demerged Company in our favor holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this Opinion.

The company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure any factual inaccuracy/ omissions are avoided in our final Opinion.

This Opinion is subject to the laws of India.

Neither the Fairness Opinion 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, other than for submission to NCLT, Courts, Stock Exchanges, other regulatory authorities and inspection by shareholders in connection with the proposed Scheme, without our prior written consent.

This Fairness Opinion is limited to the matters stated herein and covered in our engagement letter and is not to be read as extending to any other matters not so referred to. We express no views or opinion as to any terms or other aspects of the Scheme (other than the Share Entitlement Ratio for the proposed demerger) including without limitation, the discharge of Consideration or the form or structure of the Scheme. We were not requested to, and we did not, participate in the negotiation of the Scheme. We express no opinion or view with respect to the financial implications of the Scheme for any stakeholder, including creditors of respective companies.

#### IV. VALUER'S RECOMMENDATION

**As per the Share Exchange Ratio Report of Valuers, it is quoted**

*"We recommend the following Share Exchange Ratios for the proposed Demerger involving the following:*

*1 (One) equity shares of UltraTech of INR 10/- each fully paid up for every 52 (Fifty-Two) equity shares of KIL of INR 10/- each fully paid up.*

*54,86,608 (Fifty-Four Lakhs Eighty Six Thousand Six Hundred and Eight) RPS 1 shares of UltraTech of INR 100/- each fully paid up for every 90,00,000 (Ninety Lakhs ) 5% cumulative non-convertible redeemable preference shares of KIL of INR 100/- each fully paid up.*

*8,64,275 (Eight Lakhs Sixty Four Thousand Two Hundred and Seventy Five) RPS 2 shares of UltraTech of INR 100/- each fully paid up for every 19,19,277 (Nineteen lakhs Nineteen Thousand Two Hundred and Seventy Seven) zero% optionally convertible redeemable preference shares of KIL of INR 100/- each fully paid up."*

#### **Conclusion**

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, Share Exchange Ratios proposed by the Valuers in their Share Exchange Report is fair to the equity shareholders of KIL, from a financial point of view.





**Distribution of the Fairness Opinion**

The Fairness Opinion is addressed only to the Board of Directors of KIL. The Fairness Opinion save and except pursuant to the SEBI Circular shall not otherwise be disclosed or referred to publicly or to any other third party without DAM Capital's prior written consent.

However, Demerged Company may provide a copy of the Fairness Opinion if requested/ called upon by any regulatory authorities of India subject to Demerged Company promptly intimating DAM Capital in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same as the same would have been shared in contravention of the provisions hereof on a "non-recourse" and "non-reliance" basis. Neither this Fairness Opinion nor its contents may be referred to or quoted to/ by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. In no circumstances however, will DAM Capital or its management, directors, officers, employees, agents, advisors, representatives, successors, permitted assigns and controlling persons of DAM Capital accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For **DAM Capital Advisors Limited**



Authorised Signatory

Name: Sachin Chandiwal

Designation: Managing Director – Corporate Finance