



STRICTLY CONFIDENTIAL

February 5, 2022

**The Board of Directors,  
Saurashtra Cement Limited,  
Near Railway Station, Porbandar,  
Ranavav 360 560, Gujarat.**

Ladies / Gentlemen:

We refer to the engagement letter dated January 27, 2022 (“**Engagement Letter**”) whereby Saurashtra Cement Limited (“**Transferee Company**” or “**SCL**” or “**Company**”) has engaged JM Financial Limited (“**JM Financial**”), *inter alia*, to provide a fairness opinion to SCL on the Share Exchange Ratio (defined herein) recommended by the Valuers (defined herein) through report dated February 5, 2022 issued jointly by Ernst & Young Merchant Banking Services LLP (“**EY**” or “**Valuer**”), bearing registration number IBBI/RV-E/05/2021/155 and SSPA & Co., Chartered Accountants, bearing registration number IBBI/RV-E/06/2020/126 (“**SSPA**” or “**Valuer**”) (EY and SSPA are collectively referred as “**Valuers**”) for the proposed amalgamation of Gujarat Sidhee Cement Limited (“**GSCL**” or “**Transferor Company**”) with SCL (“**Proposed Amalgamation**”) as a part of a Composite Scheme of Amalgamation (as defined below) under the provisions of Sections 230 to Section 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder.

### **Background**

#### **Saurashtra Cement Limited ('SCL'):**

SCL, is a company incorporated under the provisions of the Companies Act, 1956 and is listed on the BSE Limited (“**BSE**”) and is part of the Mehta Group.

SCL is engaged in the business of manufacture and sale of cement and clinker and markets cement under the renowned brand name “HATHI”. As a part of an overall strategy for diversification, growth and development, the Company also acquired the paint business of Snowcem Paints Private Limited through slump sale with effect from 1 May 2021.

The issued and paid up share capital of SCL as on date of report is Rs. 702.35 Mn divided into 7,02,31,593 equity shares of face value of Rs. 10 each and balance against forfeited shares.

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**For Saurashtra Cement Limited**

*Sonal Sanas*  
**Sonal Sanas  
President (CS, Legal & Strategy)**

#### **JM Financial Limited**

**Corporate Identity Number:** L67120MH1986PLC038784

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### Gujarat Sidhee Cement Limited ('GSCL'):

GSCL, is a company incorporated under the provisions of the Companies Act, 1956 and is listed on the National Stock Exchange Limited ("NSE") and the BSE Limited ("BSE") and is part of the Mehta Group.

GSCL is engaged in the business of manufacture and sale of cement and clinker and markets cement under the brand name "Sidhee".

The issued and paid up share capital of GSCL as on date of report is Rs. 891.80 Mn divided into 8,91,27,313 equity shares of face value of Rs. 10 each and balance against forfeited shares.

### Brief Background of the Scheme of Amalgamation

Under the proposed scheme of amalgamation (the "Scheme of Amalgamation") *inter alia*, GSCL shall be amalgamated with SCL, pursuant to which the shareholders of GSCL shall receive equity shares of SCL based on the following ratio ("Share Exchange Ratio"):

*62 (Sixty Two) equity shares of SCL of the face value Rs. 10/- each fully paid up will be issued for every 100 (One Hundred) equity shares of GSCL of the face value Rs. 10/- each fully paid up*

The Company, in terms of the Engagement Letter, has requested us to examine the Share Exchange Ratio Report issued by the Valuer and other related information provided by the Company and issue our independent opinion as to the fairness of the Share Exchange Ratio ("Fairness Opinion") pursuant to the provisions of the SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 including amendments thereof wherein, a listed entity is required to submit a fairness opinion by a SEBI registered merchant banker on valuation of shares done by the Valuer to the Stock Exchanges.

### Source of Information

For the said examination and for arriving at the opinion set forth below, we have received:

1. Share Exchange Ratio Report issued by the Valuer;
2. Draft of the proposed Scheme of Amalgamation;
3. Unaudited financials for 9 months ended 31 December 2021 for GSCL and SCL.
4. Financial forecasts of the cement division (comprising of profit and loss statement and balance sheet) of the Companies for 3 months period ending 31 March 2022 and from financial year ('FY') 2022-23 to FY 2023-25.
5. Certain other information/explanation from the representatives of the Company.

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For Saurashtra Cement Limited

*Sonal Sanas*  
Sonal Sanas  
President (CS, Legal & Strategy)



### Scope Limitations

We have assumed and relied upon, without independent verification on an “as is” basis, the accuracy and completeness of all the information that was publicly available or provided or otherwise made available to us for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and, we have simply accepted this information on an “as is” basis, and, have not verified the accuracy and/or the completeness of the same from our end. The Fairness Opinion is provided as on the date of the report and events occurring after the date hereof may affect this Fairness Opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm the report. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of SCL or GSCL and neither express any opinion with respect thereto nor accept any responsibility therefor. We have not made any independent valuation or appraisal of the assets or liabilities of SCL or GSCL, nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non-public reports and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by SCL or GSCL on an “as is” basis for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims. In addition, we have assumed that the Proposed Amalgamation will be approved by regulatory authorities and that the Proposed Amalgamation will be consummated substantially in accordance with the terms set forth in the Proposed Amalgamation. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of SCL or GSCL.

We understand that the management of SCL and GSCL, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the Proposed Amalgamation. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company and GSCL or any of its assets, nor did we negotiate with any other party in this regard.

In the ordinary course of business, the JM Financial group is engaged in securities trading, securities brokerage and investment activities, as well as, providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Amalgamation.

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For Saurashtra Cement Limited

*Sonali Sanas*  
Sonali Sanas  
President (CS, Legal & Strategy)



We express no opinion whatsoever and make no recommendation at all as to SCL's underlying decision to effect the Proposed Amalgamation. We also do not provide any recommendation to the holders of equity shares or secured or unsecured creditors of SCL with respect to the Proposed Amalgamation. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of SCL will trade following the announcement of the Proposed Amalgamation or as to the financial performance of GSCL following the consummation of the Proposed Amalgamation. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in SCL or any of its related parties (holding company / subsidiary / associates etc.) or GSCL.

### Conclusion

Based on our examination of the Share Exchange Ratio Report, such other information / undertakings / representations provided to us by SCL or GSCL and our analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio is fair for the shareholders of SCL.

### Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of SCL. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent.

However, SCL may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to SCL promptly intimating JM Financial 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 JM Financial or its management, directors, officers, employees, agents, advisors, representatives, successors, permitted assigns and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For JM Financial Limited

Authorized Signatory

CERTIFIED TRUE COPY

For Saurashtra Cement Limited

Sonali Sanas  
President (CS, Legal & Strategy)