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STRICTLY PRIVATE & CONFIDENTIAL

May 18, 2020

The Board of Directors
Parsec Enterprises Private Limited
 N.K. Mehta International House
 Babubhai Chinai Road
 178 Backbay Reclamation
 Mumbai - 400 020

The Board of Directors
Saurashtra Cement Limited
 N.K. Mehta International House
 Babubhai Chinai Road
 178 Backbay Reclamation
 Mumbai - 400 020

Sub: Recommendation of fair share exchange ratio for the proposed amalgamation of Parsec Enterprises Private Limited with Saurashtra Cement Limited

Dear Sir(s) / Madam(s),

We refer to the engagement letter dated May 07, 2020, whereby we have been requested by the management of Parsec Enterprises Private Limited and Saurashtra Cement Limited (hereinafter collectively referred to as the 'Management') to issue a report containing recommendation of fair share exchange ratio for the proposed amalgamation of Parsec Enterprises Private Limited (hereinafter referred to as 'PEPL' or the 'Transferor Company') with Saurashtra Cement Limited (hereinafter referred to as 'SCL' or the 'Transferee Company') (hereinafter referred to as the 'Amalgamation').

PEPL and SCL are hereinafter collectively referred to as the 'Companies'.

1. SCOPE AND PURPOSE OF THIS REPORT

1.1 We have been given to understand that in order to *inter alia* simplify the shareholding structure of SCL and reduction of shareholding tiers, it is proposed that PEPL will amalgamate with SCL in accordance with the provisions of Sections 230 to 232 and other applicable provisions of Companies Act, 2013 (hereinafter referred to as 'Scheme of Amalgamation'). Subject to necessary approvals, PEPL would be amalgamated with SCL,



with effect from the appointed date of April 1, 2020 (hereinafter referred to as 'Proposed Transaction'). As a consideration for the Proposed Transaction, shareholders of PEPL would be issued equity shares of SCL.

- 1.2 In this regard, we have been requested to issue a report containing recommendation of fair share exchange ratio for the Proposed Transaction. This report on recommendation of the fair share exchange ratio is furnished by SSPA & Co., Chartered Accountants ('SSPA') in the capacity of Chartered Accountants to comply with SEBI guidelines and by Mr. Parag S. Ved in the individual capacity of Registered Valuer under section 247 of the Companies Act, 2013.

2. BACKGROUND

2.1 Saurashtra Cement Limited

SCL is an ISO 9001 : 2015, ISO 14001 : 2015 and ISO 45001 : 2018 certified company which manufactures Portland Pozzolana Cement (PPC), Ordinary Portland Cement (OPC 53 grade) types of cement and clinker, that comply with world class quality standards. The Company markets cement under the brand name 'HATHI'.

The issued and paid up equity share capital of the Company as on March 31, 2020 is INR 69.52 crores comprising of 6,95,18,449 equity shares of INR 10 each fully paid up. The equity shares of SCL are listed on BSE Limited ('BSE').

2.2 Parsec Enterprises Private Limited

PEPL holds ~19.47% equity stake (comprising of 13,538,370 equity shares) in SCL as on March 31, 2020. Further, PEPL currently does not have any business operations.

The shareholding pattern of PEPL (Face value INR 10 each) as at March 31, 2020 is as under:

Name of the Shareholder	No. of shares	% of holding
Omna Enterprises LLP	2,99,999	77.72%
Mr. A. P. Rao, Nominee of Omna Enterprises LLP	1	0.00%
Samja Mauritius Limited, Mauritius	85,986	22.28%
Total	3,85,986	100.00%

3. SSPA & CO., CHARTERED ACCOUNTANTS

SSPA & Co. (herein after referred to as 'the firm' or 'SSPA') is established by Mr. Sujal Shah



and Mr. Parag Ved, who have carried out valuations and advised large corporates in the past for Mergers, Demergers, Business Restructuring, etc.

The services provided by the firm cover a range of Corporate Consultancy Services.

4. SOURCES OF INFORMATION

For the purpose of this exercise, we have relied upon the following sources of information as provided by the Management:

- (a) Management Certified financial statements of PEPL for FY 2019-20.
- (b) Draft Scheme of Amalgamation.
- (c) Such other information and explanations as required and which have been provided by the Management including Management Representations.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1. This report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 5.2. This report has been prepared for the Board of Directors of SCL and PEPL solely for the purpose of recommending a fair share exchange ratio for the proposed amalgamation of PEPL with SCL.
- 5.3. We have been represented by the Management of the Companies that the Companies have clear and valid title of assets. No investigation on SCL / PEPL claim 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.
- 5.4. The Management has been provided with the opportunity to review the draft report (excluding share exchange ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.
- 5.5. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies / auditors is that of the respective Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management that they have not omitted any relevant and material



facts about the respective Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect my valuation analysis / conclusions. Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

- 5.6. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on the report including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.
- 5.7. The fee for the engagement and this report is not contingent upon the results reported.
- 5.8. This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory / statutory authority as may be required under any law.
- 5.9. Our report is not, nor should it be construed as us opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.
- 5.10. Any person / party intending to provide finance / divest / invest in the shares / convertible instruments / business of the Companies 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.
- 5.11. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / the Companies and our work and our finding shall not constitute



a recommendation as to whether or not the Management / the Companies should carry out the transaction.

- 5.12. This Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.13. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the valuation.

6. BASIS FOR DETERMINATION OF FAIR SHARE EXCHANGE RATIO

- 6.1. PEPL as on the date of this report holds 13,538,370 equity shares of face value of INR 10 each fully paid-up of SCL. Upon the effective date, pursuant to amalgamation of PEPL with SCL, the entire shareholding of PEPL in SCL will be cancelled and the shareholders of PEPL would be issued same number of fully paid-up equity shares of SCL, which they own indirectly through their holding in PEPL as on the effective date. Pursuant to the amalgamation, there would be no change in the paid-up share capital of SCL. As mentioned above, post-amalgamation the shareholders of PEPL will hold the same number of shares as PEPL holds in SCL. Consequently, there is no impact on the shareholding pattern of other shareholders of SCL and therefore no valuation of SCL and PEPL is required.
- 6.2. Upon the Scheme becoming effective, there is no additional consideration being discharged under the Scheme except same number of shares of SCL being issued to the shareholders of PEPL in lieu of shares held by PEPL in SCL respectively (which will get cancelled). Thus, for every fresh issue of share of SCL to the shareholders of PEPL, there is a corresponding cancellation of an existing SCL share as held by PEPL. Also, there would be no change in the aggregate promoters' shareholding in SCL and it shall not affect the interest of other shareholders of SCL.



Accordingly, valuation approaches as indicated in the format as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

- 6.3. The management of PEPL have given an undertaking that the cash / bank balance and liquid investments in the books of PEPL immediately prior to effective date will be utilised to meet the costs, fees, charges, taxes including duties, levies and all other expenses (including stamp duties payable on issue of new shares) in relation to the proposed amalgamation. Further in the event PEPL is unable to bear any such expenses due to lack of sufficient funds (including cash / bank balance and liquid investment) in PEPL, the shareholders of PEPL will bear such expenses. Thus, SCL will not bear any expenses pursuant to the amalgamation.
- 6.4. Further, we understand that the shareholders of PEPL shall indemnify and hold harmless SCL and its directors, officers, representatives, partners, employees and agents (hereinafter referred to as 'Indemnified Persons') for losses, liabilities (including but not limited to tax liabilities), costs, charges, expenses (whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interests and penalties discharged by Indemnified Persons which may devolve on Indemnified Persons on account of proposed amalgamation of PEPL with SCL but would not have been payable by Indemnified Persons otherwise, in the form and manner as may be agreed amongst SCL and the shareholders of PEPL. Thus, SCL will not bear any loss, liabilities, cost, charges and expenses due to any such disputes or litigations pursuant to the amalgamation.

7. CONCLUSION - RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO

- 7.1. Based on the above in the event of amalgamation of PEPL with SCL, we recommend a fair share exchange ratio as follows:

“13,538,370 equity shares of the face value of INR 10 each fully paid-up of SCL shall be issued and allotted as fully paid up to the equity shareholders of PEPL in the proportion of their holding in PEPL.”



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Method of Valuation	SCL		PEPL	
	Value per Share (INR)	Weights	Value per Share (INR)	Weights
Asset approach	NA	NA	NA	NA
Income approach	NA	NA	NA	NA
Market approach - CCM method	NA	NA	NA	NA
- Market Price method	NA	NA	NA	NA
Relative Value Per Share	NA		NA	

NA = Not Applied / Applicable

As mentioned in para 6.1 and 6.2 above, we recommend a fair equity share exchange ratio as follows:

13,538,370 equity shares (face value of INR 10 each fully paid-up) of SCL to be issued and allotted to equity shareholders of PEPL in proportion of their holding in PEPL respectively.

- 7.2. We believe that the above ratio is fair and equitable considering that all the shareholders of PEPL are and will, upon amalgamation, remain ultimate beneficial owners of SCL in the same ratio (inter-se) as they hold shares of SCL through PEPL prior to the amalgamation and that as mentioned hereinabove the interest of other shareholders in SCL remains unaffected.

Thanking you,
Yours faithfully,

Parag S. Ved



SSPA & Co.

Chartered Accountants

Firm Registration number: 128851W

Signed by: **Parag Ved, Partner**

Membership Number: 102432

UDIN: 20102432AAAAAS3162

Place: Mumbai

Date: May 18, 2020

Certified to be true copy
For Saurashtra Cement Limited

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Sonali Sanas
Sr. Vice President (Legal) & Company Secretary