

STRICTLY CONFIDENTIAL

May 27, 2022

Certified True Copy

**The Board of Directors,
JSW Ispat Special Products Limited,
JSW Centre,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400051, India.**

**For JSW Ispat Special Products Limited
(Formerly known as Monnet Ispat and Energy Limited)**


**Ajay Kadhao
Company Secretary**

Ladies/ Gentlemen:

We refer to the engagement letter dated May 26, 2022 (“**Engagement Letter**”) whereby JSW Ispat Special Products Limited (“**Transferor Company**” or “**JSW Ispat**” or “**Company**”) has engaged JM Financial Limited (“**JM Financial**”), *inter alia*, to provide a fairness opinion to JSW Ispat on the Share Exchange Ratio (defined herein) recommended by PwC Business Consulting Services LLP bearing registration number IBBI/RV-E/02/2022/158 (“**PwC**” or “**Valuer**”) through their report dated May 27, 2022 (the “**Share Exchange Ratio Report**”) in relation to the proposed amalgamation of JSW Ispat into JSW Steel Limited (“**JSW Steel**” or “**Transferee Company**”) as part of a Composite Scheme of Amalgamation (the “**Scheme**”) under the provisions of Sections 230 to Section 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder.

Background

JSW Ispat Special Products Limited:

JSW Ispat 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**”).

JSW Ispat is *inter alia* engaged in the business of manufacturing and marketing of sponge iron, pellets, steel and ferro alloys.

The issued and paid up share capital of JSW Ispat as on date of this fairness opinion is Rs. 9,955.28 mn divided into 46,95,47,534 equity shares of face value of Rs.10 each and 52,59,80,000 Compulsory Convertible Preference Shares of Rs. 10 each.



JM Financial Limited

Corporate Identity Number: L67120MH1986PLC038784

Regd. Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

T: +91 22 6630 3030 **F:** +91 22 6630 3344 **www.jmfl.com**

JSW Steel Limited:

JSW Steel is a company incorporated under the provisions of the Companies Act, 1956 and is listed on NSE and BSE.

JSW Steel is engaged in the business of manufacturing steel and offers a gamut of steel products.

The issued and paid up share capital of JSW Steel as on date of this fairness opinion is Rs. 2,417.22 mn divided into 2,417,220,440 equity shares of face value of Rs. 1 each.

Brief Background of the Composite Scheme of Amalgamation

Under the Scheme, *inter alia*, JSW Ispat shall be amalgamated with JSW Steel, pursuant to which the shareholders of JSW Ispat shall receive equity shares of JSW Steel based on the following ratio (“**Share Exchange Ratio**”):

1 (One) equity share of JSW Steel of the face value of Rs. 1/- each fully paid up will be issued for every 21 (Twenty one) equity shares of JSW Ispat of the face value of Rs. 10/- each fully paid up.

1 (One) equity share of JSW Steel of the face value of Rs. 1/- each fully paid up will be issued for every 21 (Twenty one) compulsorily convertible preference shares of JSW Ispat of the face value of 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/2021/0000000665 dated November 23, 2021 including amendments thereof (“**SEBI Circular**”) 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:

1. received the Share Exchange Ratio Report issued by the Valuer;
2. received the draft of the proposed Scheme;
3. considered the audited/ provisional standalone and consolidated historical financial information of JSW Ispat, JSW Steel and their subsidiaries/ joint ventures/ associate companies for the year ended March 31, 2021 and for the 9 month/ 12 month period ended December 31, 2021/ March 31, 2022., respectively, as made available;
4. considered the projected financials (comprising projected financial statements) for 5 years



ending March 31, 2027 of JSW Ispat, JSW Steel and their subsidiaries/ joint ventures/ associate companies, respectively, as made available;

5. Certain other information/ explanation from the representatives of the Company.

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 Share Exchange Ratio 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 this fairness opinion. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of JSW Ispat or JSW Steel 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 JSW Ispat or JSW Steel, 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 JSW Ispat or JSW Steel 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 other than disclosed under the financial statements and undertaking provided by JSW Ispat or JSW Steel or circumstances that could materially affect the business or financial prospects of JSW Ispat or JSW Steel.

We understand that the management of JSW Ispat and JSW Steel, 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 JSW Steel 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.

We express no opinion whatsoever and make no recommendation at all as to JSW Ispat'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 JSW Ispat 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 JSW Ispat will trade following the announcement of the proposed amalgamation or as to the financial performance of JSW Steel 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 JSW Ispat or any of its related parties (holding company/ subsidiary/ associates etc.) or JSW Steel.

Conclusion

Based on our examination of the Share Exchange Ratio Report, such other information/ undertakings/ representations provided to us by JSW Ispat 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 JSW Ispat.

Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of JSW Ispat. 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 JM Financial's prior written consent.

However, JSW Ispat may provide a copy of the Fairness Opinion if requested/ called upon by any regulatory authorities of India subject to JSW Ispat 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**

A handwritten signature in blue ink, appearing to be the initials "J.M." followed by a flourish.

Authorized Signatory