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27/5/2022

Dated: 27 May 2022

To
Board of Directors

JSW Ispat Special Products Limited
JSW Centre, Bandra Kurla Complex,
Bandra East, Mumbai,
Maharashtra 400051

Subject: Recommendation of the Share Exchange Ratio for the proposed amalgamation of JSW Ispat Special Products Limited into JSW Steel Limited

Dear Sir / Madam,

We refer to our engagement letter dated 26 May 2022 whereby JSW Ispat Special Products Limited, formerly known as Monnet Ispat and Energy Limited (hereinafter referred to as 'you' 'JISPL' or 'Company' or 'Client') has appointed PwC Business Consulting Services LLP (hereinafter referred to as 'PwC BCS'), to recommend the share exchange ratio ('Share Exchange Ratio') for the proposed amalgamation of JISPL into JSW Steel Limited (hereinafter referred to as 'JSW Steel') ('Transaction' or 'Amalgamation').

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

BACKGROUND OF COMPANIES

JISPL was incorporated on February 01, 1990 under the provisions of the Companies Act, 1956, and is a public limited company within the meaning of the Companies Act, 2013 ('Act') having corporate identification number ('CIN'): L02710MH1990PLC363582. Its registered office is at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. JISPL is *inter-alia* engaged in the business of manufacturing and marketing of sponge iron, pellets, steel and ferro alloys. It is a primary steel producer and has an integrated steel plant at Raigarh, and also has another unit for steel production at Raipur. The equity shares of JISPL are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').

JSW Steel was incorporated on March 15, 1994 under the provisions of the Companies Act, 1956, and is a public limited company within the meaning of the Act having CIN: L27102MH1994PLC152925. Its registered office is at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. JSW Steel is primarily engaged in the business of manufacture and sale of steel & steel products in India. It is an integrated manufacturer of diverse range of steel products with its manufacturing facilities located across India. JSW Steel hold investments in various subsidiaries and Joint Ventures ('JV') within India and outside India. Such subsidiaries and JVs are engaged in similar line of business. The equity shares of JSW Steel are listed on NSE and BSE.

Creixent Special Steels Limited ('CSSL') was incorporated on February 27, 2018 under the provisions of the Act and is a public limited company within the meaning of the Act having CIN: U27209MH2018PLC375319. Its registered office is at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. CSSL has limited business operations and is the parent company of JISPL having ~48.12% equity shareholding in JISPL as of 31 March 2022. It is jointly controlled by JSW Steel and AION Investments Private II Limited ('AION'). It has also issued certain non-convertible debentures, which are listed on the wholesale debt market segment of BSE. The equity shares of CSSL are not listed on any recognised stock exchange.

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SCOPE AND PURPOSE OF THIS REPORT

We understand that, pursuant to a Composite Scheme of Amalgamation and Arrangement (the proposed 'Scheme'), it is proposed to amalgamate CSSL and JISPL into JSW Steel under the provisions of Section 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable.

We understand that the Amalgamation is being planned as an all-share deal, which would involve issue of equity shares of JSW Steel to the shareholders of JISPL and CSSL. Simultaneous with the issuance of such equity shares to the shareholders of JISPL and CSSL, the existing and paid up share capital of JISPL and CSSL, as held by JSW Steel, shall stand cancelled. For the aforesaid purpose, the Board of Directors of JISPL have appointed PwC BCS to provide a Registered Valuer Report recommending the Share Exchange Ratio for the proposed amalgamation of JISPL into JSW Steel, on a going concern basis with 31 March 2022 being the Valuation Date, for the consideration of the Board of Directors (including audit committees and committees of Independent Directors, as applicable) of the Company in accordance with the applicable regulations of Securities and Exchange Board of India ('SEBI') and the relevant stock exchanges, and other relevant laws, rules and regulations.

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 Transaction, 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 JISPL.

As per the Scheme, we understand that the Appointed Date for the Transaction is 01 April 2022.

The Report will be used by JISPL 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 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.

The scope of our services is to conduct a relative (and not absolute) valuation of JISPL and JSW Steel and to recommend a Share Exchange Ratio for the proposed Transaction in accordance with generally accepted professional standards.

As requested by you, upon conclusion of our work on the Valuation, prior to issue of the Valuation Report, we have discussed our approach, methodology and findings with KPMG Valuation Services LLP (the 'Second Valuer'), the independent valuer appointed by JSW Steel. We understand that the same set of information for the purpose of Valuation has been provided to us and Second Valuer. Although we have independently arrived at the relative values of JSW Steel and JISPL, we have arrived at a consensus on the Share Exchange Ratio after making appropriate minor adjustments/ rounding off.

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 audited/ provisional standalone and consolidated historical financial information of JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate companies for the 2 years ended 31 March 2021 and for the 9 month/ 12 month period ended 31 December 2021/ 31 March 2022, respectively, as made available;
- considered the projected financials (comprising projected financial statements) for 5 years ending 31 March 2027 of JISPL, JSW Steel and their material subsidiaries/ joint ventures/ associate companies (referred to as 'Financial Projections');

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- discussions with the management(s) of JISPL, CSSL, JSW Steel and their material subsidiaries/ joint ventures/ associate companies in connection with their business operations of the respective companies, their perception of historical and expected future performance, macro-economic parameters and key value drivers;
- discussions and correspondence with the management of JISPL to obtain requisite explanation and clarification of data provided on which we have relied;
- comparable companies and transactions, to the extent information on comparable companies/ transactions is available in the public domain;
- Draft of proposed Composite Scheme of Amalgamation and Arrangement to amalgamate CSSL and JISPL with and into JSW Steel;
- the International Valuation standards (effective January 31, 2022) published by by the International Valuation Standards Council;
- other information and documents that we considered necessary for the purpose of this engagement.

During the discussions with the management(s) of JISPL, CSSL, JSW Steel and their respective key subsidiaries/ joint ventures/ associate companies, we have also obtained explanations and information considered reasonably necessary for our exercise. The Client has been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) 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;
- used data available in public domain related to JISPL, CSSL, JSW Steel and their peers;
- discussions (physical/ over call) with the management(s) of JISPL, CSSL, JSW and their respective key subsidiaries/ joint ventures/ associate companies to understand the business, key value drivers, historical financial performance and projected financial performance of the respective companies;
- researched publicly available market data including economic factors and industry trends that may impact the valuation;
- carried out analysis of valuation multiples of comparable companies/ comparable transactions using information available in public domain (to the extent available) and / or proprietary databases subscribed by us or our network firms;
- selection of well accepted valuation methodology/(ies) as considered appropriate by us;
- discussions with the Second Valuer;
- arriving at relative values of JISPL and JSW Steel in order to determine the Share Exchange Ratio for the Transaction.

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 relative valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) and are based on the balance sheets of JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate companies as at 31 December 2021/ 31 March 2022 (as applicable) and other information provided by the the Management. The Management has represented that the impact of COVID-19 on the business operations of the companies have been considered/ factored in the projections. The Management has represented that the business activities of JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate companies have been carried out in the normal and ordinary course between 31 December 2021/ 31 March 2022 and the date hereof and that no material adverse change has occurred in their respective operations and financial position between 31 December 2021/ 31 March 2022 and the Report date. Our analysis was completed on a date subsequent to the Valuation Date and accordingly, we have taken into account such valuation parameters and other information over such period, as we considered appropriate and relevant up to a date close to the Report date.

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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 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 Client (or its representatives). 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 Client (or its representatives). 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 valuation or appraisal or due diligence of the assets or liabilities of JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate 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 Client (or its representatives), we have been given to understand by the Client 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 Client (or its representatives). The Management of the Client 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 Client (or its representatives) 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. Also, we assume no responsibility for technical information (if any) furnished by/ on behalf of the Client (or its representatives).

The Report assumes that the JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate 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 JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate companies. Our conclusion of value assumes that the assets and liabilities of JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate companies, reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the claims of JISPL, CSSL, JSW Steel and their subsidiaries/ joint ventures/ associate 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 managements 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

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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 Client (or its representatives) in this regard.

This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, 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 Boards of Directors of the Client 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, its 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 Transaction. In addition, this Report does not in any manner address the prices at which JISPL or JSW Steel's equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders/ creditors of either JISPL or JSW Steel should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Transaction. 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 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 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

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The issued and subscribed equity share capital of JISPL as at 31 March 2022 is INR 469.5 crore consisting of 469,547,534 equity shares of face value of INR 10 /- each. The shareholding pattern of JISPL is as follows:

Shareholding pattern as on 31 March 2022		
Shareholders	No of Shares	% Share Holding
Promoter and promoter group		
JSW Steel Limited	399	0.0%
JTPM Atsali Limited	23,508,427	5.0%
Creixent Special Steels Ltd.	225,934,607	48.1%
JSW Techno Projects Management Ltd.	205,808	0.0%
Sub-total Promoter & Promoter Group (A)	**249,649,241**	**53.2%**
Non-Promoter/ Public shareholders		
Institutions	24,481,363	5.2%
Non-Institutions	195,416,930	41.6%
Sub-total Non-Promoter (B)	**219,898,293**	**46.8%**
Grand Total (A +B)	469,547,534	100.0%

Source: BSE filing (As at 14 April 2022)

The issued and subscribed preference share capital (comprising compulsorily convertible preference shares ('CCPS')) of JISPL as at 31 March 2022 is INR 526.0 crore consisting of 525,980,000 CCPS of face value of INR 10 /- each. The preference shareholding pattern of JISPL is as follows:

Shareholding pattern as on 31 March 2022		
Shareholders	No of Shares	% Share Holding
Promoter and promoter group		
JSW Steel Limited	601	0.0%
JTPM Atsali Limited	185,491,506	35.3%
Creixent Special Steels Ltd.	340,487,893	64.7%
JSW Techno Projects Management Ltd.	-	-
Sub-total Promoter & Promoter Group (A)	**525,980,000**	**100.0%**
Non-Promoter/ Public shareholders		
Institutions	-	-
Non-Institutions	-	-
Sub-total Non-Promoter (B)	**219,898,293**	**46.8%**
Grand Total (A +B)	525,980,000	100.0%

Source: JISPL Management

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JSW Steel Limited

The issued and subscribed equity share capital of JSW Steel as at 31 March 2022 is INR 241.7 crore consisting of 2,417,220,440 equity shares of face value of INR 1 /- each. The shareholding pattern of JSW Steel is as follows:

Shareholding pattern as on 31 March 2022		
Shareholders	**No of Shares**	**% Share Holding**
Promoter and promoter group		
Indian	1,050,078,570	43.4%
Foreign	37,979,180	1.6%
Sub-total Promoter & Promoter Group (A)	**1,088,057,750**	**45.0%**
Non-Promoter/ Public shareholders		
Institutions	484,157,267	20.0%
Non-Institutions	195,758,329	8.1%
Others	641,742,788	26.5%
Employee Benefit Trust	7,504,306	0.3%
Sub-total Non-Promoter (B)	**1,329,162,690**	**55.0%**
Grand Total (A +B) ^	**2,417,220,440**	**100.0%**

Source: BSE filing (As at 30 April 2022)
^ including treasury shares at end of the year

Our Report and recommendation of the Share Exchange Ratio considers the above shareholding pattern of JISPL and JSW Steel.

APPROACH & METHODOLOGY - BASIS OF TRANSACTION

The proposed Composite Scheme of Arrangement under the provisions of Section 230 to 232 of the Companies Act, 2013 contemplates an amalgamation of JISPL with JSW Steel.

Arriving at the Share Exchange Ratio for the proposed amalgamation of JISPL with JSW Steel, would require determining the relative valuation of JISPL and JSW Steel, based on different valuation approaches explained herebelow and various qualitative factors relevant to JISPL and JSW Steel.

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

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.

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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 (i.e. JISPL, CSSL, JSW Steel and their respective subsidiaries/ joint ventures/ associate companies). In

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addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of JISPL, CSSL, JSW Steel and their respective subsidiaries/ joint ventures/ associate 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 methods, 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 SHARE EXCHANGE RATIO

In the ultimate analysis, valuation will have to be tempered 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 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 share exchange ratio. The Share Exchange Ratio rendered in this Report only represent our recommendation(s) based upon information till the date of this Report, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the share exchange ratio at which the Transaction shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the Transaction and input of other advisors.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation (on a per share basis) of JISPL and JSW Steel based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for Amalgamation. It is important to note that we are not attempting to arrive at the absolute equity values of JISPL and JSW Steel but at their relative values to facilitate the determination of the Share Exchange Ratio for the Amalgamation. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the current analysis, the amalgamation of JISPL and JSW Steel is proceeded with on the assumption that JISPL and JSW Steel would merge as going concerns and an actual realization of the operating assets 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/ merger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of JISPL and JSW Steel under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio.

Given the nature of the businesses of JISPL and JSW Steel, and the fact that we have been provided with projected financials for JISPL, JSW Steel and their material subsidiaries/ joint ventures/ associate companies, 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 JISPL and JSW Steel for the purpose of arriving at the Share Exchange Ratio.

Within the DCF Method, equity value per share for JISPL and JSW Steel is computed as follows:

- Enterprise values for JISPL and JSW Steel is computed separately using DCF Method
- Value of the investments in subsidiaries, joint ventures and associates have been added to the above value.

- To arrive at the total value available to the equity shareholders for JISPL and JSW Steel, value arrived as above is adjusted, as appropriate, for debt, cash and cash equivalents and surplus assets as appearing in the balance sheet at 31 March 2022, contingent liabilities and other matters.
- The total value of equity is then divided by fully diluted equity shares (considering conversion of convertible instruments, warrants and options, as appropriate) as at 31 March 2022, to arrive at the value per equity share.

For our analysis under Market Approach, we have considered the Market Price Method to arrive at the relative fair value of the shares of JISPL and JSW Steel for the purpose of arriving at the Share Exchange Ratio:

For determining the market price, the volume weighted share price of JISPL and JSW Steel over an appropriate period has been considered in this case.

Given that both the companies are frequently traded, we have not used the Comparable Companies' Multiple (CCM) method. Further, Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of comparable transactions in this space. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

For our final analysis and recommendation we have considered the values arrived under the Income Approach and the Market Approach, to arrive at the relative value of the equity shares of JISPL and JSW Steel for the purpose of the Transaction.

We have considered appropriate weights to the values arrived at under the Income and Market Approaches.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Share Exchange Ratio for the Transaction whose computation is as under.

The below table summarises workings for the value per share of JISPL and JSW Steel, and the Share Exchange Ratio as derived by us.

Valuation Approach	**JSW Steel**		**JISPL**	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Asset Approach	263.7	0.0%	13.8	0.0%
Income Approach - DCF Method	784.2	50.0%	32.3	50.0%
Market Approach - Market Price Method ^	672.5	50.0%	36.2	50.0%
Relative Value per Share	**728.3**		**34.2**	
Share Exchange Ratio *(rounded off)*	**1 : 21**			

^ 90 trading days volume weighted average price as per NSE for the period ending 25 May 2022.

PwC Business Consulting Services LLP

JSW Ispat Special Products Limited

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Share Exchange Ratio for the amalgamation of JISPL with JSW Steel as under:

- **1 (One) equity shares of JSW Steel (of INR 1/- each fully paid up) for every 21 (Twenty One) equity shares of JISPL (of INR 10/- each fully paid up).**
- **1 (One) equity shares of JSW Steel (of INR 1/- each fully paid up) for every 21 (Twenty One) compulsorily convertible preference shares of JISPL (of INR 10/- each fully paid up)**

Respectfully submitted,
PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

Neeraj

Neeraj Garg
Partner
IBBI Membership No.: IBBI/RV/02/2021/14036

PwC Business Consulting Services LLP

Date: 27 May 2022
Place: Mumbai

RVN – IOVRVF/PWC/2022-2023/821

JSW Ispat Special Products Limited

JSW Ispat Special Products Limited

(formerly known as Monnet Ispat & Energy Limited)

Registered & Corporate Office: JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai-400051
CIN: L02710MH1990PLC363582 **GST:** 27AAACM0501D2Z9
Phone: +91 22 4286 1000 **E-mail:** isc_jispl@aionjsw.in **Website:** www.aionjsw.in

Date: 15.06.2022

To,
Manger – Listing Compliance,
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400051
NSE Symbol: JSWISPL

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 513446

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Composite Scheme of Arrangement amongst JSW Steel Limited, Creixent Special Steels Limited and JSW Ispat Special Products Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

Dear Sir/ Madam,

Based on the recent SEBI Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we confirm and undertake that 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.

For **JSW Ispat Special Products Limited**

Ajay Kadhao
Company Secretary

JSW Ispat Special Products Limited