



D & A FINANCIAL SERVICES (P) LIMITED
Merchant Banking & Corporate Advisory Services

Date: 02 February, 2024

The Board of Directors
Dalmia Bharat Refractories Limited
Dalmiapuram, District Tiruchirappalli, Tamil Nadu - 621651

The Board of Directors
Dalmia Bharat Sugar and Industries Limited
Dalmiapuram, District Tiruchirappalli, Tamil Nadu - 621651

Subject: Fairness Opinion for the purpose of Proposed Scheme of Arrangement between Dalmia Bharat Sugar and Industries Limited ("Demerged Company") and Dalmia Bharat Refractories Limited ("Resulting Company") and their respective shareholders under the provisions of Sections 230 to 232 of the Companies Act 2013

Dear Sir/s,

This is in connection with the proposed Scheme of Arrangement between Dalmia Bharat Sugar and Industries Limited ("Demerged Company") and Dalmia Bharat Refractories Limited ("Resulting Company") and their respective shareholders under the provisions of Sections 230 to 232 of the Companies Act, 2013 (the 'Scheme' or the 'Scheme of Arrangement').

We, M/s D & A Financial Services (P) Ltd, SEBI registered Merchant Banker, having license no. INM000011484, have been engaged by you to give our fairness opinion on the share exchange ratio as recommended by the registered valuer M/s Valecs Ecotech Pvt. Ltd having registration no. IBBI/RV-E/02/2022/178 having office at 303, Plot No. 1 3rd Floor Community Centre Ashok Vihar Phase-2; Delhi- 110052 (hereinafter referred to as "Valuer") for the Scheme, who were appointed as valuer for the proposed Scheme of Arrangement between Dalmia Bharat Sugar and Industries Limited ("Demerged Company") and Dalmia Bharat Refractories Limited ("Resulting Company") for demerger of DMC Undertaking and GT Undertaking. Further, for the purpose of making necessary filings with stock exchanges and the National Company Law Tribunal, the board of directors of Dalmia Bharat Sugar and Industries Limited ("Demerged Company") and

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Dalmia Bharat Refractories Limited ("Resulting Company") have also acknowledged the report issued by the Valuer for ascertaining the share exchange ratio.

The Scheme shall be subject to (i) Receipt of approval from the National Company Law Tribunal ("NCLT") and (ii) Other Statutory Approval(s) as may be required in this regard.

1. Scope and Purpose of the Opinion

The Management of Dalmia Bharat Sugar and Industries Limited and Dalmia Bharat Refractories Limited have jointly engaged M/s D & A Financial Services (P) Ltd to submit fairness opinion to the Board of Directors on the share exchange ratio as recommended by the valuer for proposed Scheme of Arrangement as defined above.

The Fairness Opinion is addressed to the Board of Directors of Dalmia Bharat Sugar and Industries Limited and Dalmia Bharat Refractories Limited. Further, this Fairness Opinion has been issued as per the requirements of SEBI circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Circular**").

Disclaimer: We have assumed and relied upon the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the authorized representatives of management of Demerged Company and the Resulting Company for the purpose of this Opinion. We have not reviewed any other documents of the Company other than those stated herein. We have not assumed any obligation to conduct, nor have we carried out any independent physical inspection or title verification of the property, investments etc. interests of companies and accept no responsibility therefore.

We have not reviewed any internal management information statements or any non-public reports and instead with your consent we have relied upon information that was publicly available or provided or otherwise made available to us by management of resulting company for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims.



2. BRIEF BACKGROUND OF THE COMPANIES

(A) **Dalmia Bharat Sugar and Industries Limited**

Dalmia Bharat Sugar and Industries Limited is a public company limited by shares, incorporated on 01st November, 1951 under the provisions of the Indian Companies Act, 1913, having its registered office at Dalmiapuram, District Tiruchirappalli, Tamil Nadu - 621651 ("DBSIL" or "Demerged Company"). The equity shares of DBSIL are listed on BSE Limited and National Stock Exchange of India Limited.

DBSIL is engaged in manufacturing of sugar, generation of power, manufacturing of industrial alcohol and refractory products, and providing travel services. DBSIL has a refractory unit i.e. Dalmia Magnesite Corporation ("DMC Unit") which is engaged in the business of manufacturing of refractories. DBSIL also has a separate business unit named as Govan Travels ("GT Unit"), which is engaged in the business of providing tour and travel services.

(B) **Dalmia Bharat Refractories Limited**

Dalmia Bharat Refractories Limited is a public company limited by shares, incorporated on 4th October, 2006 under the provisions of the Companies Act, 1956, having its registered office at Dalmiapuram, District Tiruchirappalli, Tamil Nadu - 621651 ("DBRL" or "Resulting Company"). The equity shares of DBRL are listed on Calcutta Stock Exchange Limited and Metropolitan Stock Exchange of India Limited.

As per the object clause of Memorandum of Association, DBRL has the object to carry on the business of miners, manufacturers, research and development, producers, processors, importers, exporters, etc, dealing in cement, any kind of building material and refractory mineral and other products and byproducts, to act a tour and travel service provider, to acquire business and to make investments, along with other main objects,



3. RATIONALE OF THE SCHEME

- (A) Demerger of DMC Unit and GT Unit (being non-core businesses of DBSIL) from DBSIL and transfer and vesting of the same to DBRL will yield beneficial results and enhanced value creation for their respective shareholders and better security and protection for their lenders and employees.
- (B) The management of DBSIL is of the view that segregation of the DMC Unit and GT Unit from DBSIL will lead to the following benefits:
- Segregation of non-core businesses from sugar business;
 - Efficient and focused management individually on DMC Unit, GT Unit, and sugar business; and
 - Increased flexibility for value extraction and fund raisings.
- (C) The management of DBRL is of the view that acquisition of the DMC Unit and GT Unit will lead to the following benefits:
- Focus on the refractory operations, along with its existing presence in the concerned field, of DMC Unit by demerging it from DBSIL for whom this is currently a non-core business.
 - Focus on the business as travel agents, tour operators, clearing and forwarding agents and to do all activities ancillary to these activities which are related to GT Unit; and
- (D) This Scheme shall be in the beneficial interest of all the stakeholders and the shareholders of the Demerged Company and the Resulting Company. In these circumstances, it is considered desirable and expedient to demerge DMC Unit and GT Unit from the Demerged Company to the Resulting Company in the manner and on the terms and conditions stated in the Scheme.

4. Sources of Information

For arriving at the opinion set forth below, we have relied upon following documents:

- Draft Scheme of Arrangement between Dalmia Bharat Sugar and industries Limited and Dalmia Bharat Refractories Limited and their respective shareholders.



- Valuation Report issued by registered valuer M/s Valecs Ecotech Pvt. Ltd having registration no. IBBI/RV-E/02/2022/178 dated 2nd February, 2024.
- Audited Balance Sheet of Dalmia Bharat Sugar and industries Limited and Dalmia Bharat Refractories Limited as on 31st March, 2023..
- Financial statements of Dalmia Bharat Sugar and industries Limited and Dalmia Bharat Refractories Limited as on 31st December, 2023
- Applicable Laws and Public Circulars under SEBI Regulations and applicable provisions of the Companies Act, 2013.

5. Valuation Report.

Valuer have recommended fair exchange ratio vide its report dated 2nd February, 2024, on the basis of analysis and analytical review and relative valuation of the respective companies and opined that the share exchange ratio as described below is fair and reasonable for all the shareholders and the Companies involved in the Scheme:

"1 (One) Equity Shares (face value of INR 10 each fully paid up) of Dalmia Bharat Refractories Limited to be issued and allotted to the equity shareholders of Dalmia Bharat Sugar and Industries Limited for every 48.18 fully paid equity shares (face value of INR 2 each fully paid up) held by them in Dalmia Bharat Sugar and Industries Limited".

6. Conclusion and Opinion

On the basis of our scope and limitations mentioned in the report and based on our examination of the draft of the proposed scheme of arrangement and Valuation Report given by registered valuer M/s Valecs Ecotech Pvt. Ltd having registration no. IBBI/RV-E/02/2022/178 dated 2nd February, 2024, and on consideration of all the relevant factors as described herein above, we are of the opinion that the valuation done by the valuer for determining the share exchange ratio is fair and reasonable.

Thanking You

For D & A Financial Services (P) Ltd


(Priyaranjan)

Vice President

Place: New Delhi



APPENDIX A**EXCLUSIONS AND LIMITATIONS**

- Our conclusion is based on the information furnished to us being complete and accurate in all material respects.
- Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this Opinion.
- Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement.
- Our opinion is not, nor should it be construed as our 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 thereon.
- We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- We do not express any opinion as to the price at which shares of the Companies may trade at any time, including, subsequent to the date of this opinion.

