



Date: September 26, 2022

The Board of Directors
Amara Raja Batteries Limited,
Terminal A, 1-18/1/AMR/NR,
Nanakramguda, Gachibowli,
Hyderabad – 500032, India

Dear Sirs,

Sub: Proposed scheme of arrangement amongst Amara Raja Batteries Limited (“ARBL” or the “Company” or the “Resulting Company”), Mangal Industries Limited (“MIL” or the “Demerged Company”) and their respective shareholders and creditors for demerger of the Plastic Component for Battery business (“PCB Business”) of MIL (as defined in the scheme) into ARBL

You have requested us to issue a fairness opinion (“**Opinion**”) from a financial point of view on the Share Entitlement Ratio (*as defined below*) in relation to demerger of the Demerged Undertaking (comprising of the PCB business) (*as set out in the scheme*) of MIL into ARBL (“**Demerger**”), described in the **Scheme** (*as defined below*). As more fully described in the Scheme, in consideration of the Demerger, 65 (Sixty-Five) fully paid up equity share of face value of Re. 1 each of ARBL to be issued for every 74 (Seventy-Four) fully paid up equity shares of face value Rs. 10 each of MIL (the “**Share Entitlement Ratio**”).

Background of the Companies

ARBL is a public limited company incorporated on 13th February 1985 with Corporate Identification Number: L31402AP1985PLC005305 and having its registered office at Renigunta Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh. Amara Raja Batteries Limited is into manufacturing of energy storage products for both industrial and automotive applications. The equity shares of ARBL are listed on National Stock Exchange of India Limited (“**NSE**”) and BSE Limited (“**BSE**”) (collectively referred to as the “**Stock Exchanges**”).

MIL is a public limited company incorporated on 9th November 1990 with Corporate Identification Number U15122AP1990PLC011932 and having its registered office at Renigunta Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh 517520. MIL is engaged in various businesses such as Plastic Component for Battery Business (as defined hereinafter), business of manufacturing of auto components (including fasteners, plastics and others), metal fabrication, storage solution, lead bushes and trading of various products, etc.

Proposed Transaction

Scheme of arrangement is being proposed to be entered amongst ARBL, MIL and their respective shareholders and creditors (“**Scheme**”), under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, providing for the following (“**Proposed Transaction**”):

Demerger of the Demerged Undertaking (PCB Business) of MIL into ARBL and in consideration, the consequent issuance of equity shares by ARBL to the shareholders of MIL.

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Our scope is restricted to providing an Opinion on the Share Entitlement Ratio as prescribed by Mr. Niranjana Kumar (Registered Valuer – Securities or Financial Assets) (“**Valuer 1**”) and Bansi S. Mehta Valuers LLP (Registered Valuers) (“**Valuer 2**”) in their joint valuation report dated September 26, 2022. (Valuer 1 and Valuer 2 collectively referred to as the “**Valuers**”)

In arriving at our Opinion, we have reviewed (i) the joint valuation report dated September 26, 2022 issued by Valuers and (ii) the draft of the Scheme received by us and (iii) the historical financials and future projections, business information of ARBL, the Demerged Undertaking and listed stock price data of ARBL. We have also reviewed certain publicly available information which the Company has confirmed as being reasonable for the purposes of providing our fairness opinion, and have also taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. .

We have also assumed that the final Scheme will be substantially the same as the scheme discussed with and reviewed by us and that there will no material changes between the draft shared with us and the final approved scheme. Any such material changes will require us to reevaluate our opinion herein.

In addition to above, we have had discussions with members of the management of ARBL and MIL on the past and current business operations of the concerned businesses, their future prospects and operations, and have received management representation letter from ARBL dated September 26, 2022.

Further, we have had discussions with Valuers on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge ARBL and MIL to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment. We have further assumed that the Proposed Transaction would be carried out in compliance with applicable laws, rules and regulations.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us. With respect to information and data relating to ARBL and MIL provided to or otherwise reviewed by or discussed with us, we have been advised by the respective managements of ARBL and MIL, and we have assumed and relied upon such advice, that such information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of ARBL and MIL as to the potential strategic implications and operational benefits anticipated to result from the Demerger and the other matters covered thereby. We have not conducted any evaluation or appraisal of any assets or liabilities of ARBL or Demerged Undertaking nor have we evaluated the solvency or fair value of ARBL or Demerged Undertaking, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of ARBL or Demerged Undertaking.



Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of ARBL, Demerged Undertaking in arriving at our final Opinion. A multitude of factors including, but not limited to, changes in demand, competition, technology, the effect of COVID 19 in India and globally, any geo-political risks, wars, insurrections and any macroeconomic conditions in India and globally can cause actual events, performance or results to differ significantly from the financial projections.

Our Opinion does not address, and we have not assessed, any matters (including any existing or potential contingent liabilities and any ongoing or threatened litigation, including taxation proceedings) which may have an impact, adverse or otherwise, on the business, operations or prospects of ARBL, MIL or their affiliates or any underlying assumptions, forecasts or views of the management of ARBL or MIL. We have relied upon and not independently verified or validated, nor do we express any opinion on, the financial, market, and technical data provided to or obtained by us or the management's views on the future businesses, operations and prospects or any underlying assumptions for the same.

We have assumed, with your consent, that the Demerger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals (including approvals of all classes of shareholders and creditors of ARBL and MIL and their respective affiliates, as applicable), consents and releases for the Demerger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on ARBL, MIL or the contemplated benefits of the Demerger. We have further assumed that such approvals, consents and releases will be duly obtained as required pursuant to applicable laws and contractual obligations, without any delays. Representatives of ARBL have advised us, and we further have assumed, that the final terms of the Scheme will not vary from those set forth in the Draft Scheme reviewed by us. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever (whether of any court, regulatory body or otherwise) arising out of or in relation to the Demerger as contemplated by the Scheme.

Our Opinion does not address, and we have not assessed, any legal, regulatory, taxation or accounting matters. We have also assumed that all aspects of the Demerger and any other transaction contemplated in the Draft Scheme would be in compliance with applicable laws and regulations; and we have issued this Opinion on the understanding that we would not in any manner verify, or be responsible for ensuring, such compliance. Without prejudice to the generality of the foregoing, we express no opinion and have assumed that the Demerger will not trigger obligations to make open offers under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and accordingly we have not considered the consequences or impact on ARBL or MIL, if any such open offers are mandated, and we have also assumed that the Demerger will not result in any adverse effect on ARBL, MIL or their respective businesses, whether under tax or other laws or under the terms of any license or approval. We also have assumed, with your consent, that the Demerger will be treated as a tax-free reorganization for Indian income tax purposes.

Our Opinion is restricted to the fairness, from a financial point of view, of the Share Entitlement Ratio, as determined by the Valuers pursuant to their valuation exercise, and we express no view as to the fairness (financial or otherwise) to the holders of any other class of securities or creditors of ARBL, MIL or any of their affiliates. Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholder rights or any other equitable considerations. We are not providing you with any



investment advice or recommendations in connection with the Demerger including any advice (from an investment perspective) on the suitability of the Demerger (whether structured as any single transaction or a series of transactions) or any trading strategy or any other structuring options or approach involving ARBL and MIL. Further, ARBL will remain solely responsible for the commercial assumptions on which the Opinion provided by us is based and for its decision to proceed with the Demerger. Further, our opinion does not take into account any corporate actions of any of ARBL and MIL after the date hereof, including payment of dividends. We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of ARBL, MIL or their respective affiliates. We express no opinion as to the solvency or fair value of ARBL or MIL under any laws, or otherwise, or the realizable value of the properties or assets of ARBL MIL or their respective affiliates.

A valuation estimate for any transaction does not necessarily suggest that a market exists for the transaction. We have not made any physical inspection of the properties or assets of ARBL, MIL or their respective affiliates. We were not requested to, and we did not, participate in the negotiation or structuring of the Demerger, nor were we requested to, and we did not, solicit third party indications of interest in the possible acquisition of all or a part of MIL. We express no view as to, and our Opinion does not address, the underlying business decision of ARBL to effect the Demerger, the relative merits of the Demerger as compared to any alternative business strategies that might exist for ARBL or the effect of any other transaction in which ARBL might engage. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Demerger, or any class of such persons, relative to the Share Entitlement Ratio. We express herein no view or opinion as to any terms or other aspects of the Demerger or the Scheme (other than the Share Entitlement Ratio, as determined by Valuers pursuant to their valuation exercise, to the extent expressly specified herein). Our Opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof.

Our Opinion does not constitute a recommendation to any shareholder or creditor of ARBL or MIL as to how such shareholder or creditor should vote on the Proposed Transaction or any matter related thereto. In addition, this Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of ARBL. We are not expressing any opinion herein as to the prices at which the equity shares of ARBL will trade following the announcement or consummation of the proposed transaction or as to the prices at which the equity shares of ARBL may be transacted.

ARBL has executed the engagement letter (the "EL") in relation to our services in connection with the delivery of this Opinion and for providing certain financial advisory services to ARBL in connection with the Transaction. We will receive fees from ARBL for these services under the EL.

We or our affiliates in the past five years may have provided, and currently maybe providing, services to ARBL and/ or MIL and/ or their affiliates unrelated to the Proposed Transaction for which we or such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors to ARBL.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with ARBL and its respective affiliates.



This Opinion is provided solely for the benefit of the Board of Directors of ARBL and is for the purpose of submission to the Stock Exchanges under the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and shall not confer rights or remedies upon, any shareholder of ARBL, MIL or any other person including any company involved in the Scheme other than the members of the Board of Directors of ARBL and shall not be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of ARBL, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Opinion may be shown or who may acquire a copy of this Opinion.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion, the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, our work as merchant bankers, our work as described above, and other factors that we deem relevant, it is our view that, as of the date hereof, the proposed Share Entitlement Ratio prescribed by Valuers, in their joint valuation report dated September 26, 2022, is fair and reasonable from a financial point of view.

Yours faithfully,

For **Kotak Mahindra Capital Company Limited**



Authorised Signatory