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FORTRESS

STRICTLY PRIVATE & CONFIDENTIAL

September 2, 2026

To,
The Audit Committee /The Board of Directors,
MSP Steel and Power Limited
South City Business Park,
10th Floor, 770 Anandpur,
EM Bypass, E.K.T,
Kolkatta - 700 107,
West Bengal

To,
The Audit Committee /The Board of Directors,
MSP Sponge Iron Limited
South City Business Park,
10th Floor, 770 Anandpur,
EM Bypass, E.K.T,
Kolkatta - 700 107,
West Bengal

Sub: Fairness Opinion on equity share entitlement ratio for the proposed demerger of Manufacturing Business of MSP Sponge Iron Limited into MSP Steel & Power Limited through a scheme of arrangement recommended by the Joint Valuers

Dear Sir(s),

We refer to our engagement letter dated August 5, 2026 and discussion wherein the management of MSP Steel and Power Limited ("**MSP Steel**" or "**Resulting Company**") and MSP Sponge Iron Limited ("**MSP Sponge**" or "**Demerged Company**") has requested Fortress Capital Management Services Private Limited (hereinafter referred to as "**we**" or "**our**" or "**Fortress**"), a SEBI Registered Category I Merchant Banker to render an independent fairness opinion (this **"Fairness Opinion"**) on the Equity Share Entitlement Ratio (*as defined hereinafter*) recommended jointly by SSPA & Co., and Finvox Analytic, both Registered Valuers - Securities or Financial Assets (Collectively the "**Registered Valuers**") in relation the proposed demerger of Demerged Undertaking (*as defined in the Scheme*) of MSP Sponge. MSP Steel and MSP Sponge are hereinafter collectively referred to as the "**Companies**".

1. BACKGROUND, SCOPE AND PURPOSE OF THIS FAIRNESS OPINION

1.1 We have been informed by the management of MSP Steel and MSP Sponge (hereinafter referred to as "**Management**") that they are considering the proposal for demerger of the Demerged Undertaking (*as defined hereinafter*) of MSP Sponge into MSP Steel pursuant to a scheme of arrangement between MSP Sponge and MSP Steel, and their respective shareholders and creditors, under section 230 to 232 and other relevant provisions of the Companies Act, 2013 ("**Scheme**").

MSP SPONGE IRON LIMITED
Varsha Agarwal
Company Secretary

MSP STEEL & POWER LIMITED
Company Secretary & Compliance Officer

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1.2 Subject to necessary approvals, the Demerged Undertaking would be demerged into MSP Steel with effect from the Appointed Date (*as defined in the Scheme*). (the "**Proposed Transaction**").

1.3 **MSP Steel and Power Limited**

MSP Steel, incorporated under the provisions of the Companies Act, 1956 on November 18, 1968, having registered office at South City Business Park, 10th Floor, 770 Anandpur, EM Bypass, E.K.T, Kolkata, West Bengal, India, 700107, is engaged in manufacturing and trading of iron and steel products and generation of power. MSP Steel has a manufacturing plant at Raigarh, Chhattisgarh.

The equity shares of MSP Steel are listed both on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

The issued and subscribed equity share capital of MSP Steel as at June 30, 2026 is ~INR 566.80 crore consisting of 56,67,96,645 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Particulars	No. of shares	% Holding
Promoter & Promoter Group	25,57,35,461	45.12%
Public	31,10,61,184	54.88%
Total	**56,67,96,645**	**100.00%**

Source: www.bseindia.com and Management information

According to the management of the Company, there has been no further issue of equity shares/convertible instruments/ESOPs by MSP Steel post June 30, 2026 till the Valuation Date. Accordingly, the number of equity shares as of the Valuation Date for MSP Steel are same as that on June 30, 2026.

Further, the Company has 2,80,00,000 share warrants of issue price INR 35 each (face value INR 10 each) outstanding as on the Valuation Date. We have been informed by the management of the Company that each warrant of face value INR 10 each is convertible into one equity share of the Company of face value INR 10 each. Accordingly, the diluted number of equity shares of the Company as of the Valuation Date works out to 59,47,96,645.

1.4 **Demerged Undertaking**

Demerged Undertaking of MSP Sponge comprises of Manufacturing Business including the manufacturing facilities located at Keonjhar, Odisha and Raigarh, Chattisgarh on a going concern basis, as on the Effective Date (*as defined in the Scheme*), and shall have the meaning ascribed to the term "*Demerged Undertaking*" in the Scheme.

1.5 **MSP Sponge Iron Limited**

MSP Sponge, incorporated under the provisions of the Companies Act, 1956 on July 16, 1999, having its registered office situated at South City Business Park, 10th Floor, 770 Anandpur Road, E.M. Bypass, Kolkata, West Bengal, India – 700107, is engaged in manufacturing and sale of iron and steel, ferro alloys products and captive power generation ('Manufacturing Business') and it also has other business by way of investments in equity instruments.

The subscribed equity share capital of MSP Sponge as at July 31, 2026 is ~INR 35.03 crore consisting of 3,50,34,296 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Particulars	No. of shares	% Holding
Jaik Leasing and Commercial Investment Ltd	70,98,107	20.26%
Shree Vinay Finvest (P) Ltd.	66,62,261	19.02%
M.A Hire Purchase Pvt. Ltd	55,83,568	15.94%
Others	1,56,90,360	44.79%
Total	**3,50,34,296**	**100.00%**

Source: Management information

According to the management of the Company, there has been no further issue of equity shares/convertible instruments/ESOPs by MSP Sponge post July 31, 2026 till the Valuation Date. Accordingly, the number of equity shares as of the Valuation Date for MSP Sponge are same as that on July 31, 2026.

1.6 As consideration for the Proposed Transaction of demerger of the Demerged Undertaking into MSP Steel, the equity shareholders of MSP Sponge (Other than MSP Steel) will be allotted fully paid-up equity shares of MSP Steel with a face value of INR 10 each.

1.7 In this regard, the Board of Directors of Companies has appointed the Registered Valuers to independently determine and jointly recommend the fair share entitlement ratio ("**Share Entitlement Ratio**") for the Proposed Transaction of demerger of the Demerged Undertaking of MSP Sponge into MSP Steel with September 1, 2026 being the Valuation Date ("**Valuation Date**").

1.8 Accordingly, we have been appointed in the capacity of SEBI Registered Category I Merchant Banker by the MSP Steel and MSP Sponge to render an independent Fairness Opinion, from a financial point of view, to the shareholders of the Companies on Share Entitlement Ratio recommended by the Joint Valuers, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and other applicable SEBI regulations, including amendments thereto.

1.9 we have relied on the following information as informed by the Management, while rendering this Fairness Opinion on the Share Entitlement Ratio recommended by Registered Valuers for the Proposed Demerger:

a) there would not be any capital variation in the Companies till the Proposed Transaction/Scheme becomes effective, except issuance and/or conversion of employee stock options/units, if any as part of normal course of business. In the event, either of the Companies restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares before the Proposed Transaction becomes effective, the issue of shares pursuant to the Share Entitlement Ratio recommended Registered Valuers shall be adjusted accordingly to take into account the effect of any such corporate actions.

b) till the Proposed Transaction becomes effective, neither of the Companies would declare any dividend which are materially different yields as compared to past few years.

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c) there would be no significant variation between the draft Scheme of Arrangement and the final Scheme of Arrangement approved and submitted with the relevant authorities which may have impact on the Share Entitlement Ratio.

d) there are no unusual/abnormal events in the Companies materially impacting their operations/financial position after June 30, 2026 till the date of this Fairness Opinion.

1.10 The information contained in this Fairness Opinion is confidential. It is intended only for captioned purpose, including for obtaining the requisite statutory approvals thereof. The Fairness Opinion cannot be used or relied upon for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any person / party for any decision of such person / party based on this Fairness Opinion.

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2. SOURCES OF INFORMATION AND REVIEW OF DOCUMENTS

For the purposes of this exercise, we have reviewed and relied upon the following information and documents:

(a) Draft Scheme for the Proposed Transaction;

(b) Audited financial statements of the Companies for financial years ending March 31, 2024, March 31, 2025 and March 31, 2026;

(c) Limited reviewed standalone financial results of MSP Steel for 3 months ended June 30, 2026;

(d) Audited statement of assets and liabilities and statement of profit and loss of Demerged Undertaking for 3 months ended June 30, 2026;

(e) Financial Projections comprising statement of profit and loss, statement of working capital requirement and capital expenditure requirement of MSP Steel and Demerged Undertaking from July 01, 2026 to March 31, 2031;

(f) Details of contingent liabilities of the Companies along with the probability of their devolving into an actual liability, as at Valuation Date;

(g) Number of equity shares of the Companies as on the Valuation Date on a fully diluted basis;

(h) Market price of MSP Steel;

(i) Shareholding pattern and details of issued, subscribed and paid-up equity share capital of MSP Steel as on June 30, 2026 and MSP Sponge as on July 31, 2026;

(j) Discussion with the Registered Valuers to understand the approaches, methodologies and assumptions adopted in determining the share entitlement ratio;

(k) The draft, and final Joint Valuation Report dated September 02, 2026, along with other workings provided by the Registered Valuers, and the discussions held in relation thereto; and

(l) Such other information, explanations and representations as required by us and which has been provided to us by the Management and / or the Registered Valuer or as publicly available.

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3. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Fairness Opinion is subject to the following limitations, assumptions, qualifications, exclusions and disclaimers, each of which forms an integral part of, and cannot be severed from, this Fairness Opinion:

3.1 We have relied upon, and assumed with limited independent verification that all financial, operational, legal, and technical information, data and documents (including particulars of the assets, liabilities, title, encumbrances, contracts, statutory approvals, litigation, or financial position of the Demerged Undertaking, Demerged Company or Resulting Company) including audited / limited-reviewed financial statements, the draft Scheme, and other supporting papers provided to us by the Management (collectively, the "**Information**"), are true, complete, accurate and not misleading in any material respect, with no material fact omitted or withheld. We have not independently verified the Information, whether by site visit, third-party confirmation or otherwise and have relied primarily on Management's representations and the Registered Valuer's Joint Valuation Report in this regard. Accordingly; this Fairness Opinion specifically excludes, and we express no opinion or view whatsoever on: (a) title, marketability or encumbrance status of any immovable property comprised in the Demerged Undertaking, (b) the status, validity or sufficiency of statutory approvals, registrations or sanctions relevant to the Demerged Undertaking, (c) contingent liabilities, undisclosed liabilities, pending litigation, tax demands / assessments, property tax dues, or regulatory proceedings affecting Demerged Company, Resulting Company, or the Demerged Undertaking; (d) stamp duty, registration charges, GST, income-tax or other transfer-related costs or liabilities arising on implementation of the Scheme (e) the accounting treatment of the Scheme, including compliance with applicable Indian Accounting Standards (Ind AS), which remains the responsibility of the respective managements; (f) compliance of the Scheme with the Companies Act, 2013, Income Tax Act, 2025, or any other applicable law; and (h) the fairness of the Scheme to any creditors, employee, lender, or other stakeholder;

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3.2 Except as disclosed to us, we have assumed, without any independent physical inspection, structural survey, environmental assessment, legal or title due diligence, that the Demerged Company holds clear, marketable and unencumbered title to the land, buildings, structures and other movable and immovable assets comprised in the Demerged Undertaking, free of any material litigation, attachment, lien or third-party claim; We have further assumed that Demerged Company and Resulting Company will continue as going concerns; that the Scheme will be implemented substantially in the form placed before us, subject to necessary approvals, consents, releases and waivers of the requisite regulatory / judicial authorities, without material modification; and that there is no material adverse change in the business, assets, liabilities, financial condition or prospects of either entity, or of the Demerged Undertaking, between the date of the Information furnished to us and the date of this Fairness Opinion.

3.3 We have assumed that Demerged Company and Resulting Company have complied, and will continue to comply with all applicable laws relevant to the Scheme and the Demerged Undertaking, including the Companies Act, 2013, SEBI regulations, the Income-tax Act, 2025 (including the conditions under Section 2(35) for the transaction to qualify as a "demerger"), and the Foreign Exchange Management Act, 1999.

3.4 This Fairness Opinion expresses our opinion solely on whether the Share Entitlement Ratio set out in the Joint Valuation Report is fair, from a financial point of view, to the shareholders of the Companies. It is not an opinion on any other term of the Scheme, including its structure, the Appointed Date, or its tax, accounting, legal or regulatory treatment, and our scope does not extend to the commercial rationale, business necessity, or strategic merits of demerging the Demerged Undertaking, which remain matters of commercial judgment for the Board of Directors.

3.5 This Fairness Opinion is not, and should not be regarded as: (a) a valuation of Demerged Company, Resulting Company, the Demerged Undertaking, or any asset or liability comprised therein, and we have relied entirely on the Valuer's methodology and conclusions, without independently re-performing, auditing or benchmarking the same;

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(b) a recommendation to any shareholder, creditor or stakeholder as to how they should vote or act in relation to the Scheme, or a view on the price at which equity shares may trade post-implementation; (c) an opinion on the solvency or capital adequacy of either entity; (d) an opinion on alternative structures (including an outright sale, slump sale, or strategic divestment) that may have been available in lieu of the Scheme; or legal, tax, regulatory or accounting advice, including as to stamp duty, GST, or capital gains implications. This Fairness Opinion is rendered as of date of this report, and reflects only the Information and conditions prevailing up to that date, and we assume no obligation to update, revise or reaffirm it for subsequent events, including changes to the Scheme during the regulatory or NCLT approval process.

3.6 This Fairness Opinion has been prepared solely for submission by Resulting Company to its Board of Directors, Audit Committee, and Committee of Independent Directors, and for filing with the stock exchanges, SEBI, the NCLT and other regulatory / judicial authorities in connection with the Scheme. It is addressed to the Board of Directors of Resulting Company and must not be used, circulated, quoted or relied upon by any shareholder, creditor, employee, lender or other third party, or for any other purpose, without our prior written consent, save as required by applicable law; we accept no responsibility or liability to any such third party in respect of its contents.

3.7 Our fee for this engagement is not contingent upon the conclusions reached in this Fairness Opinion, the approval of the Scheme, or the consummation of the transaction contemplated thereunder. We have acted as financial advisor to the Board of Directors of MSP Steel to render this Fairness Opinion and will receive a fee for our services, which will be paid upon the rendering of this Fairness Opinion. In addition, MSP Steel has agreed to indemnify us against certain liabilities arising out of this engagement. As of the date of this opinion, we do not have any financial interest in the Companies, nor do we have any conflict of interest in providing this Fairness Opinion. While we and our affiliates may in the future provide investment banking or other financial services to the Companies and their subsidiaries, joint ventures, associates, and / or affiliates, and may receive compensation for those services, this does not impair our independence in rendering this opinion.

3.8 This Fairness Opinion shall be governed by the laws of India. It, or any extract thereof, may not be reproduced, summarised, or referred to without our prior written consent, except as required for filing with the stock exchanges, SEBI, NCLT or other regulatory / judicial authorities in connection with the Scheme, or as otherwise mandated by law.

4. APPROACH AND METHODOLOGY

4.1 Our role as Merchant Banker is not to perform an independent valuation. Our Scope of work is limited to reviewing and evaluating the Share Entitlement Ratio, underlying assumptions, workings, and related materials prepared by Registered Valuers, and providing our opinion on whether the Share Entitlement Ratio recommended by the Registered Valuers is fair, from a financial point of view, to the shareholders of MSP Steel.

4.2 In considering the fairness of the Share Entitlement Ratio jointly recommended by the Registered Valuers, we have reviewed the documents as mentioned in Section 2 of this Fairness Opinion (Sources of Information and Review of Documents) provided to us by the Management and the Registered Valuers.

4.3 We note that the Valuers have independently performed their analysis on the valuation of MSP Steel and Demerged Undertaking and have made appropriate adjustments/ rounding-off to arrive at the consensus on the Share Entitlement Ratio for the Proposed Transaction. For the purpose of determining Share Entitlement Ratio the Registered Valuers has taken into account the generally accepted Valuation Approaches for arriving at the relative equity values of MSP Steel and Demerged Undertaking of MSP Sponge namely:

- **Market Approach**: Market Price Method and Comparable Companies Multiple Method for determining the Equity Value of MSP Steel and Comparable

Companies Multiple Method for determining the Equity Value of Demerged Undertaking of MSP Sponge.

- **Income Approach**: Discounted Cashflow (DCF) Method for determining the Equity Values of MSP Steel and Demerged Undertaking of MSP Sponge

The Registered Valuers have assigned appropriate weights to the Equity Values under above approaches and have jointly recommended the Share Entitlement Ratio for the Proposed Transaction.

4.4 To assess the fairness of the Share Entitlement Ratio from a financial point of view for the shareholders of the Companies, we have reviewed Joint Valuation Report and valuation approaches, underlying workings, methodologies, assumptions and peer selection adopted by the Registered Valuers.

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5. **CONCLUSION**

Based on our independent analysis and evaluation of the Joint Valuation Report prepared by the Registered Valuers, along with the information, explanations and representations provided to us by the Management and the Registered Valuers and subject to the limitations, assumptions, qualifications, exclusions and disclaimers discussed above and to the best of our knowledge and belief, we are of the opinion that the Share Entitlement Ratio of " **5** (***Five) fully paid-up equity share of MSP Steel and Power Limited of face value INR 10/- each, for every 1 (One) fully paid-up equity shares of MSP Sponge Iron Limited of face value INR 10/- each, held as on the Record Date***", jointly recommended by the Registered Valuers vide there Joint Valuation Report as stated above is fair, from a financial point of view, to the shareholders of the Companies.

Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

Hitesh. M. Doshi

FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD. ★ Mumbai

Authorized Signatory

MSP STEEL & POWER LIMITED

Company Secretary & Compliance Officer

Place: Mumbai

SEBI Registration No.: INM000011146

MSP SPONGE IRON LIMITED

Vasudha Agarwal

Company Secretary