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CA VIKRANT JAIN

B.Com, ACA, Registered Valuer
Registration No. IBBI/RV/05/2018/10204

April 25, 2019

Strictly Private & Confidential

To,
Board of Directors,
Tata Steel Limited
Bombay House
24, Homi Mody Street
Fort, Mumbai - 400 001

TRUE COPY
TATA STEEL LIMITED
Parvatheesam K.
(PARVATHEESAM. K.)
COMPANY SECRETARY &
CHIEF LEGAL OFFICER (CORPORATE & COMPLIANCE)

Dear Sir / Madam,

Sub: Recommendation of Share Exchange Ratio for the proposed merger of Bamnipal Steel Limited and Tata Steel BSL Limited (~~Erstwhile Bhushan Steel Limited~~) into Tata Steel Limited

We refer to the engagement letters whereby, Tata Steel Limited ('TSL'), has engaged CA Vikrant Jain for recommendation of the Share Exchange Ratio for the proposed merger of Bamnipal Steel Limited (BNL) and Tata Steel BSL Limited (TSBSL) into TSL. TSL, BNL and TSBSL are together referred to as 'Companies'. Vikrant Jain has been hereafter referred to as 'Registered Valuer' or 'we' or 'us'.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the management of the Companies ('Management') are contemplating merger of BNL and TSBSL into TSL ('Transaction') pursuant to a Scheme of Merger ('Scheme') to be implemented under the provisions of section 230 to 232 and other applicable provisions of the Companies Act, 2013. In this regard, 1st April 2019 has been considered as the appointed date for the proposed Transaction.

As a consideration for the merger, equity shareholders of TSBSL would be issued equity shares of TSL. Share Exchange Ratio for this Report refers to the number of equity shares of face value of INR 10/- each of TSL, which would be issued to the shareholders of TSBSL.



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BNL is a Wholly Owned Subsidiary of TSL and as an effect of this merger, BNL shall be merged into TSL and all shares shall stand cancelled and TSL shall not issue any new share to the shareholders of BNL.

For the aforesaid purpose, the Client has engaged the Registered Valuer to submit report recommending the share Exchange Ratio. The scope of our services is to conduct a relative (*and not absolute*) valuation of the equity shares of the Companies and recommending the Share Exchange Ratio in accordance with generally accepted professional standards.

SOURCE OF INFORMATION

Our valuation analysis is undertaken on the basis of the following information relating to the Business of the Company, furnished to us by the management of the Company and information available in public domain.

We have been provided with the following documents / information by the Client:

- Draft Scheme of Amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013;
- Audited financial statements of the Companies for the past 3 years as available in the public domain;
- The projected income statements and balance sheets of TSBSL;
- Other relevant details regarding the Companies such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;
- Such other information and explanations as we required and which have been provided by the management of the Companies.

DATE OF VALUATION

The valuation is done as of 25th April 2019. The Cut-off date for all the exercises is taken as 24th April 2019.



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BACKGROUND

TSL was established in India as Asia's first integrated private steel company in 1907. TSL has presence across the entire value chain of steel manufacturing from mining and processing iron ore and coal to producing and distributing finished products. TSL offers a broad range of steel products including a portfolio of high value added downstream products such as hot rolled, cold rolled and coated steel, re-bars, wire rods, tubes and wires.

Share Holding Pattern as on 31st March 2019

Sr. No.	Class of Shareholders	No. of shares held	% of total Shareholding
1	Promoter & Promoter Group	39,88,23,600	33.12%
2	Public - Institutions	52,56,62,833	43.66%
3	Public - Non Institutions	27,96,39,952	23.22%
	TOTAL	1,20,41,26,385	100%

BNL was formed as an SPV, wholly-owned by TSL, in order to facilitate the acquisition of TSBSL, under the corporate insolvency resolution process of the Insolvency and Bankruptcy Code, 2016. On March 22, 2018, TSL was declared the successful resolution applicant by the CoC of TSBSL, subject to obtaining necessary regulatory approvals, including approval from the NCLT and the Competition Commission of India. At present, BNL does not have any operations.

TSBSL is one of the prominent players in the Indian Steel Industry. Backed with more than 27 years of experience, the Company is India's 3rd largest Secondary Steel Producing Company with an existing steel capacity of 5.6 million tonne per annum. As one of the largest integrated steel players in India, TSBSL is a source of vivid variety of products such as Hot Rolled Coil, CRCA, CRFH, Galvanized Coil and Sheet, Galume Coil and Sheet, Colour Coated Coils, Colour Coated Tiles, High Tensile Steel Strips, Hardened & Tempered Steel Strips, Precision Tubes, HFW / ERW Pipe (API Grade), 3LP Coated Pipes, Billers and Sponge Iron. Being amongst the prime movers of the technological revolution in India Cold Rolled Steel Industry, TSBSL has emerged as the country's largest and the only Cold Rolled Steel Plant with an



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Independent line for manufacturing Cold Rolled Coil and Sheet up to a width of 1700mm.
Along with this, TSBSL also have a Galvanized Coil and Sheet line up to a width of 1350 mm.

Share Holding Pattern as on 31st March 2019

Sr. No.	Class of Shareholders	No. of shares held	% of total Shareholding
1	Promoter & Promoter Group	79,44,28,986	72.7%
2	Public – Institutions	11,96,12,654	10.9%
3	Public – Non Institutions	17,93,98,128	16.4%
	TOTAL	109,34,39,768	100.00%

EXCLUSIONS AND LIMITATIONS

Our report is subject to the scope limitations detailed in engagement letter dt. 12th April 2019. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

No investigation of the Companies' claims to title of assets has been made for the purpose of this valuation 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.

Our work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in report as per the agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particulars. This report is issued on the understanding that the Client has drawn our attention to all the material



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information, which it is aware of concerning the financial position of the Company and any other matter, which have an impact on our opinion, on the fair value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the report date. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

In the course of valuation, we were provided with both written and verbal information. We have evaluated the information provided to us by the Client through broad inquiry, analysis and review but have not carried a due diligence or audit of the information provided for the purpose of this engagement. We assume no responsibility for any errors in the above information furnished by the Client and consequential impact on the present exercise.

Our report is not, nor should it be construed as our opinion or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market laws or as regards any legal implications or issues arising from such proposed transaction.

This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory / statutory authority as may be required under the law.

Valuer, nor its managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

The information contained herein and our report is confidential. Any person / party intending to provide finance / invest in the shares / businesses of any of the Companies, 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in



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connection with the proposed amalgamation as aforesaid, can be done only with our prior permission in writing.

APPROACH TO VALUATION ENGAGEMENT

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Discussion with the Management to understand the business and fundamental factors that affect its earning-generating capability including strength, weaknesses, opportunity and threats analysis and historical financial performance
- Analysis of information shared by the Management
- Analysis of information related to the Companies and its peers as available in public domain
- Selection of appropriate internationally accepted valuation methodology/(ies) after deliberation
- Arriving at Valuation of Shares for the Proposed Transaction

VALUATION METHODOLOGY

The Scheme contemplates the Merger of BNL and TSBSL into TSL. Arriving at the valuation of Shares of TSL, would require determining value of the business of TSL. The valuation is to be determined independently but on a relative basis, and without considering the Proposed Transaction.

There are several commonly used and accepted methods for determining the valuation of TSL, which have been considered in the present case, to the extent and applicable, including:

1. Market Approach:
 - a. Market Price Method
 - b. Comparable Companies Multiples
2. Income Approach: Discounted Cash Flow Method
3. Cost Approach: Net Asset Value Method

As discussed below for the Proposed Transaction we have considered these methods, to the extent relevant and applicable.



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This valuation could fluctuate with passage of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financials and otherwise, of the Companies, and other factors which generally influence the valuation of the companies and their assets.

We have relied on the judgement of the Management as regards contingent and other liabilities.

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 purpose, 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, regulatory guideline and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments.

The Valuation methodologies as may be applicable which have been used to arrive at the value attributable to the equity shareholders of TSL is discussed hereunder:

Market Price ("MP") Method:

The market price of an equity share as quoted on a stock Entitlement is normally considered as the value of the equity shares of that company where such quotations are available 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.

In the present case, equity shares of TSL and TSBSL are listed on BSE and NSE. The share price observed on NSE for an appropriate period prior to the valuation date has been considered for determining the value of TSL and TSBSL under the market price methodology as the traded turnover of shares of TSL and TSBSL is higher on NSE as compared to the turnover of shares on BSE.



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The market value of TSL and TSBSL is arrived at by considering the higher of 6 months Average Market Price or 2 Weeks average market price.

Comparable Companies Market Multiple ("CCM") Method:

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Discounted Cash Flow ("DCF") Method:

The discounted cash flow method has also been used to value the equity of the companies. The discounted cash flow method is a modern valuation method which relates the value of an asset to the present value of the expected future cash flows on that assets. Under this method the value of the business has been determined by the formula:

Value of Business = $\sum_{t=1}^n \frac{CF}{(1+WACC)^t}$

Where,

t = 1 to n,

CF = Expected cash flow in period n,

WACC = Weighted Average Cost of Capital

The WACC of the TSBSL has been calculated with a target Debt Equity ratio. The said target Debt Equity Ratio has been derived by averaging the Debt Equity Ratio of Industry Leaders. The terminal value has been estimated in the last year of forecast period and the present value of the same is added to present value of all the cash flows.

In our valuation model, we have considered EBITDA Multiple to arrive at the terminal value.

Terminal Value = EBIDTA for Final Projected Year X EV Multiple of Industry Peers



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Book Value / Net Assets Value ("NAV") Method:

In case of Net Assets Method, the value is determined by dividing the Net Assets of the Company by the number of shares. The underlying asset approach represents the value with reference to the historical cost of the assets owned by the Company and attached liabilities as at the valuation date. Such value represents the support value of a going concern.

Since the shares are valued on a "going concern" basis and an actual realization of operating assets is not contemplated, we have considered it appropriate not to determine the realizable or replacement value of the assets. The operating assets have therefore been considered at their book values.

RECOMMENDATION ON FAIR EXCHANGE RATIO

The fair basis of merger of the Companies would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at, under each of the above approaches, for the purpose of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of each company. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each Company.

Our exercise is to work out relative value of shares of the Companies to facilitate the determination of ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

Considering the fact that, after the merger, the business of TSL is intended to be continued on a "going concern" basis and that there is no intention to dispose-off the assets, further coupled with the fact that TSL being a listed entity, Market Approach is being considered appropriate. Further the company being Market Leader, Market Price method is opted for the valuation purpose.

In case of TSBSL, equal weightage has been given to Market Approach and Income Approach and Cost Approach is not being considered appropriate for the valuation purpose.



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100% shares of BNL is held by TSL. Hence no exchange ratio is being calculated for it.

Computation of Fair Share Exchange Ratio

Valuation Approach	TSL		TSBSL	
	Value Per Share	Weight	Value Per Share	Weight
Asset Approach – NAV Method *	Not Applicable	0%	Not Applicable	0%
Income Approach – DCF Method **	Not Applicable	0%	37.28	50%
Market Approach – MP Method	538.26	100%	34.57	50%
Relative Value per Share	538.26		35.93	
Fair Exchange Ratio (rounded off)	1:15			

**Both the Companies are assumed to continue business on "going concern basis", and there being no intention to dispose off the assets, therefore we have not considered Asset Approach Method for the said transaction.*

***Business Plan of TSL could not be provided by the Management of the Company being a forward price sensitive information, hence we did not consider Income Approach Method for TSL valuation.*

RATIO:

1 equity share of TSL of Rs. 10 each fully paid up for every 15 equity shares of TSBSL of Rs. 2 each fully paid up.

The share exchange ratio has been arrived on the basis of a relative valuation of the shares of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each of the company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgement 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 sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in various judicial decisions.



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FAIR EXCHANGE RATIO FOR MERGER OF BNL & TSBSL Into TSL

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this report, in our opinion, a fair ratio of exchange in the event of merger of TSBSL into TSL would be:

1 equity share of TSL of Rs. 10 each fully paid up for every 15 equity shares of TSBSL of Rs. 2 each fully paid up.

BNL being the Wholly Owned Subsidiary of TSL, shall be merged into TSL and all shares shall stand cancelled and TSL shall not issue any new share to the shareholders of BNL.

Report Submitted

Thanking you,
Yours faithfully,


CA Vikrant Jain
Registered Valuer



Reg No: IBBI/RV/05/2018/10204



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Annexure 1 Market Price Calculation

	TSL	TSBSL
Market Price as per Sebi - 26 weeks formula	516.69	3159
Market Price as per Sebi - 2 weeks formula	538.26	34.57
Price Considered	538.26	34.57

Statement of Market Price Calculation for TSL Shares as per SEBI Formula

Week	Date	Day	VWAP	Weekly High	Weekly Low	Average
1	24-Apr-19	Wednesday	519.91	544.02	519.91	531.97
	23-Apr-19	Tuesday	528.68			
	22-Apr-19	Monday	538.15			
	21-Apr-19	Sunday				
	20-Apr-19	Saturday				
	19-Apr-19	Friday				
	18-Apr-19	Thursday	544.02			
2	17-Apr-19	Wednesday		553.45	535.66	544.56
	16-Apr-19	Tuesday	553.45			
	15-Apr-19	Monday	548.81			
	14-Apr-19	Sunday				
	13-Apr-19	Saturday				
	12-Apr-19	Friday	535.66			
	11-Apr-19	Thursday	538.89			
3	10-Apr-19	Wednesday	552.42	552.42	531.34	541.88
	09-Apr-19	Tuesday	547.63			
	08-Apr-19	Monday	551.18			
	07-Apr-19	Sunday				
	06-Apr-19	Saturday				
	05-Apr-19	Friday	543.09			
	04-Apr-19	Thursday	531.34			
4	03-Apr-19	Wednesday	541.77	541.77	508.59	524.88
	02-Apr-19	Tuesday	530.72			
	01-Apr-19	Monday	537.14			
	31-Mar-19	Sunday				
	30-Mar-19	Saturday				
	29-Mar-19	Friday	519			
	28-Mar-19	Thursday	508.59			
5	27-Mar-19	Wednesday	517.31	519.72	511.83	515.78
	26-Mar-19	Tuesday	517.48			
	25-Mar-19	Monday	511.83			
	24-Mar-19	Sunday				
	23-Mar-19	Saturday				
	22-Mar-19	Friday	519.72			
	21-Mar-19	Thursday				
6	20-Mar-19	Wednesday	516.34	527.59	515.71	521.65
	19-Mar-19	Tuesday	527.59			
	18-Mar-19	Monday	521.14			
	17-Mar-19	Sunday				
	16-Mar-19	Saturday				
	15-Mar-19	Friday	515.71			
	14-Mar-19	Thursday	517.3			



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Week	Date	Day	WAP	Weekly High	Weekly Low	Average
7	13-Mar-19	Wednesday	515.94	525.59	512.27	516.93
	12-Mar-19	Tuesday	525.59			
	11-Mar-19	Monday	517.56			
	10-Mar-19	Sunday				
	09-Mar-19	Saturday				
	08-Mar-19	Friday	512.27			
	07-Mar-19	Thursday	519.23			
8	06-Mar-19	Wednesday	520.32	520.32	505.61	512.97
	05-Mar-19	Tuesday	516.7			
	04-Mar-19	Monday				
	03-Mar-19	Sunday				
	02-Mar-19	Saturday				
	01-Mar-19	Friday	506.61			
	28-Feb-19	Thursday	505.61			
9	27-Feb-19	Wednesday	506.11	506.11	497.47	501.79
	26-Feb-19	Tuesday	501.07			
	25-Feb-19	Monday	503.95			
	24-Feb-19	Sunday				
	23-Feb-19	Saturday				
	22-Feb-19	Friday	498.74			
	21-Feb-19	Thursday	497.47			
10	20-Feb-19	Wednesday	486.2	486.20	469.82	478.01
	19-Feb-19	Tuesday	472.77			
	18-Feb-19	Monday	471.17			
	17-Feb-19	Sunday				
	16-Feb-19	Saturday				
	15-Feb-19	Friday	469.82			
	14-Feb-19	Thursday	480.49			
11	13-Feb-19	Wednesday	486.96	489.80	475.08	482.44
	12-Feb-19	Tuesday	489.8			
	11-Feb-19	Monday	475.08			
	10-Feb-19	Sunday				
	09-Feb-19	Saturday				
	08-Feb-19	Friday	477.99			
	07-Feb-19	Thursday	486.31			
12	06-Feb-19	Wednesday	477.98	477.98	462.06	470.02
	05-Feb-19	Tuesday	469.63			
	04-Feb-19	Monday	462.06			
	03-Feb-19	Sunday				
	02-Feb-19	Saturday				
	01-Feb-19	Friday	475.07			
	31-Jan-19	Thursday	474.4			
13	30-Jan-19	Wednesday	461.11	461.11	446.99	454.05
	29-Jan-19	Tuesday	447.03			
	28-Jan-19	Monday	446.99			
	27-Jan-19	Sunday				
	26-Jan-19	Saturday				
	25-Jan-19	Friday	458.74			
	24-Jan-19	Thursday	460.34			



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Week	Date	Day	VWAP	Weekly High	Weekly Low	Average
14	23-Jan-19	Wednesday	463.68	474.25	459.47	466.86
	22-Jan-19	Tuesday	459.47			
	21-Jan-19	Monday	473.13			
	20-Jan-19	Sunday				
	19-Jan-19	Saturday				
	18-Jan-19	Friday	472.71			
	17-Jan-19	Thursday	474.25			
15	16-Jan-19	Wednesday	475.96	480.94	470.17	475.56
	15-Jan-19	Tuesday	472.85			
	14-Jan-19	Monday	470.17			
	13-Jan-19	Sunday				
	12-Jan-19	Saturday				
	11-Jan-19	Friday	479.15			
	10-Jan-19	Thursday	480.94			
16	09-Jan-19	Wednesday	481.68	492.72	481.68	487.20
	08-Jan-19	Tuesday	489.72			
	07-Jan-19	Monday	492.72			
	06-Jan-19	Sunday				
	05-Jan-19	Saturday				
	04-Jan-19	Friday	484.6			
	03-Jan-19	Thursday	485.96			
17	02-Jan-19	Wednesday	499.63	522.48	499.63	511.06
	01-Jan-19	Tuesday	516.59			
	31-Dec-18	Monday	522.48			
	30-Dec-18	Sunday				
	29-Dec-18	Saturday				
	28-Dec-18	Friday	513.5			
	27-Dec-18	Thursday	511.68			
18	26-Dec-18	Wednesday	509.97	524.35	509.97	517.16
	25-Dec-18	Tuesday				
	24-Dec-18	Monday	515.55			
	23-Dec-18	Sunday				
	22-Dec-18	Saturday				
	21-Dec-18	Friday	524.35			
	20-Dec-18	Thursday	523.7			
19	19-Dec-18	Wednesday	528.51	528.51	513.17	520.84
	18-Dec-18	Tuesday	525.37			
	17-Dec-18	Monday	521.29			
	16-Dec-18	Sunday				
	15-Dec-18	Saturday				
	14-Dec-18	Friday	513.17			
	13-Dec-18	Thursday	517.67			
20	12-Dec-18	Wednesday	516.49	516.49	496.44	506.47
	11-Dec-18	Tuesday	496.44			
	10-Dec-18	Monday	504.29			
	09-Dec-18	Sunday				
	08-Dec-18	Saturday				
	07-Dec-18	Friday	507.88			
	06-Dec-18	Thursday	511.73			



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Week	Date	Day	VWAP	Weekly High	Weekly Low	Average
21	05-Dec-18	Wednesday	522.85	542.85	522.85	532.85
	04-Dec-18	Tuesday	536.67			
	03-Dec-18	Monday	542.85			
	02-Dec-18	Sunday				
	01-Dec-18	Saturday				
	30-Nov-18	Friday	530.52			
22	29-Nov-18	Thursday	534.23	544.90	521.78	533.34
	28-Nov-18	Wednesday	524.58			
	27-Nov-18	Tuesday	521.78			
	26-Nov-18	Monday	530.51			
	25-Nov-18	Sunday				
	24-Nov-18	Saturday				
23	23-Nov-18	Friday		589.50	553.85	571.68
	22-Nov-18	Thursday	544.9			
	21-Nov-18	Wednesday	553.85			
	20-Nov-18	Tuesday	568.23			
	19-Nov-18	Monday	580.75			
	18-Nov-18	Sunday				
24	17-Nov-18	Saturday		600.62	572.83	586.73
	16-Nov-18	Friday	578.47			
	15-Nov-18	Thursday	589.5			
	14-Nov-18	Wednesday	600.62			
	13-Nov-18	Tuesday	586.61			
	12-Nov-18	Monday	581.62			
25	11-Nov-18	Sunday		580.21	558.40	569.31
	10-Nov-18	Saturday				
	09-Nov-18	Friday	572.83			
	08-Nov-18	Thursday				
	07-Nov-18	Wednesday	580.21			
	06-Nov-18	Tuesday	577.08			
26	05-Nov-18	Monday	577.23	567.34	544.59	555.97
	04-Nov-18	Sunday				
	03-Nov-18	Saturday				
	02-Nov-18	Friday	574.39			
	01-Nov-18	Thursday	558.4			
	31-Oct-18	Wednesday	544.59			
26	30-Oct-18	Tuesday	567.34	567.34	544.59	555.97
	29-Oct-18	Monday	563.38			
	28-Oct-18	Sunday				
	27-Oct-18	Saturday				
	26-Oct-18	Friday	552.73			
25-Oct-18	Thursday	544.71				

ebi - 76 week formula 536.47
 ebi - 2 week formula 538.26



BT



Statement of Market Price Calculation for TSBSL Shares as per SEBI Formula

Week	Date	Day	VWAP	Weekly High	Weekly Low	Average
1	24-Apr-19	Wednesday	32.19	35.06	32.19	33.63
	23-Apr-19	Tuesday	33.23			
	22-Apr-19	Monday	33.61			
	21-Apr-19	Sunday				
	20-Apr-19	Saturday				
	19-Apr-19	Friday				
2	18-Apr-19	Thursday	35.06			35.52
	17-Apr-19	Wednesday		36.67	34.37	
	16-Apr-19	Tuesday	36.67			
	15-Apr-19	Monday	34.93			
	14-Apr-19	Sunday				
	13-Apr-19	Saturday				
3	12-Apr-19	Friday	34.37			34.20
	11-Apr-19	Thursday	35.35			
	10-Apr-19	Wednesday	35.3	35.69	32.71	
	09-Apr-19	Tuesday	34.88			
	08-Apr-19	Monday	35.69			
	07-Apr-19	Sunday				
4	06-Apr-19	Saturday				30.99
	05-Apr-19	Friday	32.71			
	04-Apr-19	Thursday	33.71			
	03-Apr-19	Wednesday	33.93	33.93	28.05	
	02-Apr-19	Tuesday	32.3			
	01-Apr-19	Monday	30.81			
5	31-Mar-19	Sunday				28.46
	30-Mar-19	Saturday				
	29-Mar-19	Friday	29.25			
	28-Mar-19	Thursday	28.05			
	27-Mar-19	Wednesday	28.04	29.12	27.8	
	26-Mar-19	Tuesday	28.18			
6	25-Mar-19	Monday	27.8			29.94
	24-Mar-19	Sunday				
	23-Mar-19	Saturday				
	22-Mar-19	Friday	29.12			
	21-Mar-19	Thursday				
	20-Mar-19	Wednesday	29.64	30.26	29.62	
7	19-Mar-19	Tuesday	29.62			30.13
	18-Mar-19	Monday	29.89			
	17-Mar-19	Sunday				
	16-Mar-19	Saturday				
	15-Mar-19	Friday	30.08			
	14-Mar-19	Thursday	30.26			
7	13-Mar-19	Wednesday	29.56	30.7	29.56	30.13
	12-Mar-19	Tuesday	30.15			
	11-Mar-19	Monday	29.81			
	10-Mar-19	Sunday				
	09-Mar-19	Saturday				
	08-Mar-19	Friday	30.19			
07-Mar-19	Thursday	30.7				



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Week	Date	Day	VWAP	Weekly High	Weekly Low	Average
8	06-Mar-19	Wednesday	31.49	31.49	27.31	29.40
	05-Mar-19	Tuesday	29.8			
	04-Mar-19	Monday				
	03-Mar-19	Sunday				
	02-Mar-19	Saturday				
9	01-Mar-19	Friday	28.34			
	28-Feb-19	Thursday	27.31			
	27-Feb-19	Wednesday	27.15	27.46	26.7	27.08
	26-Feb-19	Tuesday	27.09			
	25-Feb-19	Monday	27.46			
	24-Feb-19	Sunday				
	23-Feb-19	Saturday				
22-Feb-19	Friday	26.7				
21-Feb-19	Thursday	26.84				
10	20-Feb-19	Wednesday	26.98	27.2	26.84	27.02
	19-Feb-19	Tuesday	26.98			
	18-Feb-19	Monday	26.84			
	17-Feb-19	Sunday				
	16-Feb-19	Saturday				
	15-Feb-19	Friday	27.2			
	14-Feb-19	Thursday	27.13			
11	13-Feb-19	Wednesday	28.01	29.92	28.01	28.97
	12-Feb-19	Tuesday	28.43			
	11-Feb-19	Monday	28.86			
	10-Feb-19	Sunday				
	09-Feb-19	Saturday				
	08-Feb-19	Friday	29.92			
	07-Feb-19	Thursday	28.33			
12	06-Feb-19	Wednesday	27	29.88	27	28.44
	05-Feb-19	Tuesday	28.21			
	04-Feb-19	Monday	28.67			
	03-Feb-19	Sunday				
	02-Feb-19	Saturday				
	01-Feb-19	Friday	29.4			
	31-Jan-19	Thursday	29.88			
13	30-Jan-19	Wednesday	29.77	33.72	29.77	31.75
	29-Jan-19	Tuesday	30.76			
	28-Jan-19	Monday	31.37			
	27-Jan-19	Sunday				
	26-Jan-19	Saturday				
	25-Jan-19	Friday	32.98			
	24-Jan-19	Thursday	33.72			
14	23-Jan-19	Wednesday	33.7	36.25	33.70	34.98
	22-Jan-19	Tuesday	33.76			
	21-Jan-19	Monday	34.68			
	20-Jan-19	Sunday				
	19-Jan-19	Saturday				
	18-Jan-19	Friday	35.72			
	17-Jan-19	Thursday	36.25			



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Week	Date	Day	VWAP	Weekly High	Weekly Low	Average
15	16-Jan-19	Wednesday	36.75	38.45	36.75	37.60
	15-Jan-19	Tuesday	36.93			
	14-Jan-19	Monday	37.39			
	13-Jan-19	Sunday				
	12-Jan-19	Saturday				
	11-Jan-19	Friday	38.45			
	10-Jan-19	Thursday	36.84			
16	09-Jan-19	Wednesday	35.76	37.98	35.76	36.87
	08-Jan-19	Tuesday	36.98			
	07-Jan-19	Monday	37.77			
	06-Jan-19	Sunday				
	05-Jan-19	Saturday				
	04-Jan-19	Friday	37.59			
	03-Jan-19	Thursday	37.98			
17	02-Jan-19	Wednesday	38.95	39.83	38.14	38.99
	01-Jan-19	Tuesday	39.83			
	31-Dec-18	Monday	39.75			
	30-Dec-18	Sunday				
	29-Dec-18	Saturday				
	28-Dec-18	Friday	39.55			
	27-Dec-18	Thursday	38.14			
18	26-Dec-18	Wednesday	38.54	40.83	38.54	39.69
	25-Dec-18	Tuesday				
	24-Dec-18	Monday	39.85			
	23-Dec-18	Sunday				
	22-Dec-18	Saturday				
	21-Dec-18	Friday	40.3			
	20-Dec-18	Thursday	40.83			
19	19-Dec-18	Wednesday	40.61	42.4	37.79	40.10
	18-Dec-18	Tuesday	39.19			
	17-Dec-18	Monday	37.79			
	16-Dec-18	Sunday				
	15-Dec-18	Saturday				
	14-Dec-18	Friday	42.4			
	13-Dec-18	Thursday	41.66			
20	12-Dec-18	Wednesday	37.4	37.4	26.75	32.08
	11-Dec-18	Tuesday	32.75			
	10-Dec-18	Monday	30.2			
	09-Dec-18	Sunday				
	08-Dec-18	Saturday				
	07-Dec-18	Friday	26.98			
	06-Dec-18	Thursday	26.75			
21	05-Dec-18	Wednesday	27.04	27.41	27.01	27.21
	04-Dec-18	Tuesday	27.01			
	03-Dec-18	Monday	27.4			
	02-Dec-18	Sunday				
	01-Dec-18	Saturday				
	30-Nov-18	Friday	27.28			
	29-Nov-18	Thursday	27.41			



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Week	Date	Day	WAP	Weekly High	Weekly Low	Average
22	28-Nov-18	Wednesday	26.58	27.61	26.58	27.10
	27-Nov-18	Tuesday	26.63			
	26-Nov-18	Monday	27.61			
	25-Nov-18	Sunday				
	24-Nov-18	Saturday				
	23-Nov-18	Friday				
	22-Nov-18	Thursday	27.6			
23	21-Nov-18	Wednesday	26.36	27.65	26.36	27.01
	20-Nov-18	Tuesday	26.86			
	19-Nov-18	Monday	27.18			
	18-Nov-18	Sunday				
	17-Nov-18	Saturday				
	16-Nov-18	Friday	27.44			
	15-Nov-18	Thursday	27.65			
24	14-Nov-18	Wednesday	28.02	28.07	27.75	27.91
	13-Nov-18	Tuesday	27.75			
	12-Nov-18	Monday	28.07			
	11-Nov-18	Sunday				
	10-Nov-18	Saturday				
	09-Nov-18	Friday	28.02			
	08-Nov-18	Thursday				
25	07-Nov-18	Wednesday	28.24	28.42	28.08	28.25
	06-Nov-18	Tuesday	28.08			
	05-Nov-18	Monday	28.12			
	04-Nov-18	Sunday				
	03-Nov-18	Saturday				
	02-Nov-18	Friday	28.32			
	01-Nov-18	Thursday	28.42			
26	31-Oct-18	Wednesday	29.84	29.84	26.07	27.96
	30-Oct-18	Tuesday	29.54			
	29-Oct-18	Monday	28.34			
	28-Oct-18	Sunday				
	27-Oct-18	Saturday				
	26-Oct-18	Friday	26.63			
	25-Oct-18	Thursday	26.07			

Sebi - 26 week formula

31.59

Sebi - 2 week formula

34.57

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Annexure 2 Statement of Fair Value under DCF Method

	(Rs. In Cr)				
Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Year	1	2	3	4	5
Months	12	12	12	12	12
Net Revenue	23,081	21,586	22,859	22,831	22,846
Less: Operating Expenses	18,055	15,885	17,105	17,124	17,123
EBIDTA	5,026	5,701	5,754	5,707	5,722
Less: Depreciation & Amortisation	1,455	1,478	1,502	1,515	1,530
EBIT	3,571	4,222	4,252	4,192	4,192
Less: Taxation	-	910	916	903	903
Debt Free Cash Flow	3,571	3,312	3,336	3,289	3,289
Add: Depreciation & Amortisation	1,455	1,478	1,502	1,515	1,530
Less: Capital Expenditure	702	829	829	444	528
(Increase)/Decrease in net Working Capital	-411	385	-319	15	-3
Free Cash Flow	3,913	4,347	3,690	4,374	4,287
Discounting Rate	11.56%	11.56%	11.56%	11.56%	11.56%
Present Value Mid Year Factors	0.95	0.85	0.76	0.68	0.61
Present Value of Free Cash Flow	3,710	3,694	2,811	2,987	2,624
Net Present Value (A)					15,826
EBIDTA for 5th Year					5,722
Multiple considered for calculation (based on Industry EV/EBIDTA Multiple)					6
Terminal Value based in EBITDA Multiple					34,333
Present Value of Terminal Value (B)					21,015
Enterprise Value (A) + (B)					36,842
Stub Period Adjustment Factor					1.01
Stub Period adjusted EV as at Valuation Date					37,108

Note	(Rs. In Cr)				
1. Calculation of Capital Expenditure	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
a) Pellet Plant Expansion	386	513	513	127	-
b) Sustenance Expenses	317	317	317	317	528
Total Capital Expenditure	702	829	829	444	528

Capital Expenses has been taken from the Business Plan shared by the Management

U. J. Jain



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	(Rs. In Cr)					
2 (Increase) / Decrease in Working Capital	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
a) Sundry Debtors & Receivables	697	906	842	895	893	893
b) Inventory	4 582	4 531	4 210	4 476	4 464	4 467
c) Other Current Assets	556	1 436	1 436	1 436	1 436	1 436
d) Non Current Assets Adjustment	496					
Current Assets Level	6.331	6.874	6.489	6.808	6.793	6.796
a) Sundry Creditors & Payable	3 089	3 634	3 634	3 634	3 634	3 634
b) Provisions	3					
c) Other Current Liabilities	409					
Current Liabilities Level	3.502	3.634	3.634	3.634	3.634	3.634
Net Working Capital	2.830	3.240	2.855	3.174	3.159	3.163
(Increase) / Decrease in Working Capital		-471	385	-319	15	-1

- a) Working Capital data has been taken from the Business Plan shared by the Management
b) Advances given to Statutory Authorities though classified under Non Current Assets in BS. However same has been assumed as operational in nature and considered in calculation

3 EBITDA Multiple

EBITDA Multiple has been derived by considering EV/EBITDA of market leaders JSW Steel Ltd & Tata Steel Ltd for last 5 years and adjusting for outliers in the 1st and 4th quartile. we obtain an average EV/EBITDA multiple of 6.

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Annexure 3: Value per Share Calculation

	(in Cr)
Adjusted Enterprise Value	37,108
Less: Net Debt after adjustment of OCRPS	22,041
Value for Equity Shareholders	15,067
No. of Shares on fully diluted basis due to conversion of OCRPS	404.14
Equity Value per Share (Rs.)	37.28

Note:

1. Net Debt Calculation	(in Cr)
Gross Debt	34,820
Less: Cash and Cash Equivalents	-3,778
Net Debt	31,041
Less: Adjustment on account of conversion of OCRPS	9,000
Adjusted Net Debt	22,041

2. Diluted Shares Calculation	(in Cr)
Nos of Shares outstanding as on 31.03.2019	109.34
New Shares to be issued on account of conversion of OCRPS at conversion Rate of Rs. 30.53 per Share	294.79
Total No. of Shares post conversion	404.14

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Annexure 4 Statement of Weighted Average Cost of Capital

CAPM Calculation	Value
10 year G-Sec Per Yield	7.43%
Expected Market Return (based on 10 Years Nifty VIX)	15.04%
Market Beta (β)	1.09
Additional Risk Premium	1%
Cost of Equity (CAPM)	16.76%
Cost of Debt	9.79%
Post Tax Cost of Debt	6.37%
Target DER	50:50
WACC (post tax)	11.56%

Note:

1. 10 Year G-Sec Rate of RBI has been taken as Benchmark for Risk Free Return
2. Average of daily High & Low for Last 1 Year Nifty Volatility Index has been taken as benchmark for deriving at the expected Market Return
3. 1 Year Beta of Tata Steel JSW & SAIL has been taken as Base in calculation to derive at the Average Market Beta
4. Additional 1% Risk Premium has been taken considering the riskiness of business plan
5. Current Borrowing Cost is taken as benchmark for Cost of Debt
6. Average of D/E Ratio of Tata Steel JSW & SAIL has been set as Target Debt Equity Ratio

Vijay Jain



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