



# FAIRNESS OPINION

On

Valuation Report for Proposed Merger of

**“Angul Energy Limited” with**

**“Tata Steel Limited”**

as on December 31, 2022

True Copy  
Angul Energy Limited  
*Rupesh Purwar*  
(Rupesh Purwar)  
Company Secretary





To,  
The Board of Directors  
Angul Energy Limited  
Ground Floor, Mira Corporate Suites Plot No 1 & 2,  
Ishwar Nagar, Mathura Road,  
New Delhi-110065

Dear Sir/Madam,

**Sub: Fairness Opinion on Valuation Report on Proposed Merger of Angul Energy Limited with Tata Steel Limited.**

#### 1. ENGAGEMENT BACKGROUND

We refer to the engagement letter dated 27<sup>th</sup> January 2023 whereby Angul Energy Limited (hereinafter referred as "Transferor Company" or "Company" or "AEL") has engaged Finshore Management Services Limited (hereinafter referred as "FMSL"), *inter alia*, to provide fairness opinion on valuation report of Omnifin Valuation Services (OPC) P Ltd (the "Valuer"), for the Proposed Merger of Angul Energy Limited with TATA Steel Limited (here in after referred as "Transferee Company" or "TSL") in a Cash Deal as of 31<sup>st</sup> December, 2022.

#### 2. ABOUT THE PROPOSED TRANSACTION

Angul Energy Limited is proposing to merge with TATA Steel Limited.

We understand that the proposed merger of AEL with TSL is being evaluated on a 'going concern' basis (the "Proposed Transaction") pursuant to a scheme of amalgamation under section 230 – 232 and other applicable provisions of the Companies Act, 2013. As a consideration for the Proposed Transaction, equity shareholders of AEL other than TSL shall be paid cash against their shares. In order to comply with the requirements of Companies Act and other applicable statutes, the Audit Committee ('AC') of AEL have appointed Omnifin Valuation Services (OPC) Pvt Ltd a Registered Valuer Entity with Insolvency and Bankruptcy Board of India (IBBI Reg No: BBI/RV-E/01/2022/160), to carry out the valuation of the equity shares of AEL and recommend the fair valuation for the Proposed Transaction on a 'going concern' basis.



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(CIN : U74900WB2011PLC169377) ● Website : [www.finshoregroup.com](http://www.finshoregroup.com)

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### 3. BACKGROUND OF THE COMPANIES

- **Angul Energy Limited:**

Angul Energy Limited (CIN: U40105DL2005PLC140748) was incorporated on September 14, 2005 having registered office at Ground Floor, Mira Corporate Suites Plot No 1 & 2, Ishwar Nagar, Mathura Road, New Delhi-110065.

Angul Energy Limited (formerly known as Bhushan Energy Limited) is a Public Limited Company incorporated on 14 September 2005. It is a subsidiary of TSL wherein TSL holds 99.998% equity stake. It is classified as Non-govt Company and is registered at Registrar of Companies, Delhi. Its authorized share capital is Rs. 2,100,000,000 and its paid up capital is Rs. 10,00,01,000. The main objective of AEL is to carry on business of generation of thermal power. With effect from February 27, 2020 the name of the Company changed to Angul Energy Limited.

Source: [angulenergy.co.in](http://angulenergy.co.in)

- **TATA Steel Limited:**

TATA Steel Limited (CIN: L27100MH1907PLC000260) was incorporated on August 26, 1907, having registered office at Bombay House, 24-Homi Mody Street, Fort, Mumbai-400001.

Tata Steel was established in India as Asia's first integrated private steel company in 1907. With this, they developed India's first industrial city at Jamshedpur. Today, they are among the leading global steel companies. Their annual crude steel capacity across Indian operations is nearly 20 MnTPA. They also set up second greenfield steel plant of 3 MnTPA in the eastern state of Odisha in 2016; the expansion to 8 MnTPA is currently underway. They possess and operate captive mines that help to maintain cost- competitiveness and production efficiencies through an uninterrupted supply of raw material.

The Indian product portfolio is divided into four segments – Automotive and Special Products; Industrial Products, Projects and Exports; Branded Products and Retail; and Services and Solutions. The Company supplies hot-rolled, cold-rolled, galvanised, branded solution offerings and more.

Source: <https://www.tatasteel.com/>

### 4. SOURCES OF INFORMATION

We have relied on the following information for forming our opinion on the fairness of the Valuation Report:-

- Audited Financial Statement of Angul Energy Limited for period ended December 31, 2022;
- Fair Valuation report dated 6<sup>th</sup> February, 2023 of equity shares of AEL as at 31<sup>st</sup> December 2022, issued by Omnifin Valuation Services (OPC) Pvt Ltd a Registered Valuer Entity with Insolvency and Bankruptcy Board of India (IBBI Reg No: BBI/RV-E/01/2022/160).
- Brief Overview of the Companies and its past & current operations.



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- d. Copy of Power Tolling Agreement between TSL and AEL
- e. Draft Scheme of Merger;
- f. Other information provided, as well as discussions held with, the Management of the Companies and other key personnel regarding past, current & future business operations;
- g. Such other necessary information as considered relevant.

#### 5. SCOPE AND LIMITATIONS/CAVEATS

- a. Our opinion and analysis is limited to the documents provided to us by the company. Our engagement is limited to the extent of review of documents as provided to us by the company including the Valuation report of Omnifin Valuation Services (OPC) P Ltd. However we have also performed our valuation analysis for our internal verification of valuation arrived at of each equity share of AEL provided by Omnifin Valuation Services (OPC) P Ltd. We have relied upon the accuracy and completeness of all information and documents provided to us by AEL and Omnifin Valuation Services (OPC) Pvt Ltd ,without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial statement relating to these Companies. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the entities.
- b. In rendering our opinion, we have assumed that the Scheme of Arrangement for Merger will be implemented on the terms described therein without any waiver or modification of any material terms or conditions and that in the course of obtaining the necessary regulatory approvals to the Scheme of Arrangement, no delay, limitation, restriction or conditions will be imposed that would have an adverse effect on the Scheme.
- c. We do not express an opinion as to any tax or other consequences that might arise from the Scheme of Arrangement nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- d. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the arrangement as contemplated in the Scheme of Arrangement for Merger provided to us and is not valid for any other purpose.
- e. Our engagement and opinion expressed herein are for the use of Board of Directors of the Companies in connection with the Scheme of Arrangement for Merger and for no other purpose. Neither we nor any of our affiliates, partners, directors, shareholders, managers, employees or agents or any of them make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.



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- f. No decision should be taken based on this Report by any person intending to provide finance or invest in shares of the Companies and shall do so after seeking their own professional advice and carrying out their own due diligence to ensure that they are making an informed decision.
- g. Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Arrangement for Merger, if required or any matter related thereto.
- h. Reproduction, Copying or otherwise quoting of our Report or any parts thereof, other than in connection with the scheme of Arrangement for Merger, can be done only with our prior consent in writing.
- i. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme of Arrangement for Merger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from proposed Arrangement.
- j. Our opinion is restricted to the Fairness opinion on the valuation report given by the Registered Valuer.
- k. We have no present or planned future interest in the entities and the fee payable for this opinion is not contingent upon the opinion reported herein. The company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.
- l. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
- m. This Fairness opinion report is subject to the scope and limitations detailed herein. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this report. This report has been issued only for the purpose of the facilitating the Scheme and should not be used for any other purpose.



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## 6. VALUATION ANALYSIS

We have performed our independent valuation of AEL as on December 31, 2022 based on Audited Financial Statement of AEL for period ended December 31, 2022 and financial projections of the Company from FY 2023 to FY 2034 as confirmed and certified by the Company. Our internal valuation analysis is based on value arrived at under Income Approach. Based on our assessment, the value of Equity is INR 1,03,796.82 Lakhs resulting in INR 1,037.95 per Equity share.

The value arrived at by the Registered valuer Omnifin Valuation Services (OPC) P Ltd is as follows:

Value of Equity: INR 1,04,169.72 lakhs

Value per Equity Share: INR 1,041.68 per share

## 7. OPINION

With reference to above and based on information provided by Management and after discussions with the Key Executives of AEL and Registered Valuer, we understand that Angul Energy Limited is proposed to be merged with TATA Steel Limited in a Cash Deal. The proposed merger is driven by motive to achieve financial and operational synergies, and increase the competitive strength of the group at a global level.

*Considering the above and subject to our caveats as provided in annexure, we as a Merchant Banker hereby certify that we have reviewed the valuation report provided by the valuer and have also performed our own independent valuation and we are of the opinion that fair value of each share of Angul Energy Limited as arrived at by Omnifin Valuation Services (OPC) P Ltd for cash consideration for the proposed merger is fair and reasonable.*

For Finshore Management Services Limited  
SEBI Regd. CAT-I Merchant Banker, Regn No. INM000012185

  
S. Ramakrishna Iyengar  
Director



Place: Kolkata  
Date: February 06, 2023



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