

## RBSA Capital Advisors LLP

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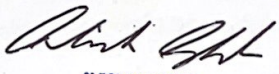


Private and Confidential

Report Ref No: RCA2223AMDREP09006

September 22, 2022

The Board of Directors  
Tata Metaliks Limited  
Tata Centre, 10<sup>th</sup> Floor,  
43 Jawaharlal Nehru Road,  
Kolkata – 700 071

For **TATA METALIKS LIMITED**  
  
**AVISHEK GHOSH**  
COMPANY SECRETARY AND COMPLIANCE OFFICER

Dear Sirs,

**Subject: Fairness Opinion on Share Exchange Ratio for the proposed amalgamation of Tata Metaliks Limited into Tata Steel Limited**

We refer to our engagement letter dated September 13, 2022 wherein the Audit Committee (“AC”) of Tata Metaliks Limited appointed RBSA Capital Advisors LLP (“RBSA” or “We” or “Us”) to provide Fairness Opinion on the Share Exchange Ratio recommended by Ms. Rashmi Shah, Registered Valuer registered with Insolvency and Bankruptcy Board of India (“IBBI”) (IBBI Reg No: IBBI/RV/06/2018/10240) (the “Valuer”) and Deloitte Touche Tohmatsu India LLP as additional valuer (the “Additional Valuer”) for the proposed amalgamation of Tata Metaliks Limited (“TML”) into Tata Steel Limited (“TSL”). TML and TSL are together referred to as the “Specified Companies”. Valuer and Additional Valuer are together referred to as the “Valuers”

### **Background:**

We understand that the proposal for amalgamation of TML into TSL is being evaluated on a ‘going concern’ basis, pursuant to a scheme of amalgamation under section 230 – 232 and other applicable provisions of the Companies Act, 2013 (the “Proposed Transaction”). As a consideration for the Proposed Transaction, equity shareholders of TML (other than TSL) shall be issued equity shares of TSL.

We further understand that the appointed date for the proposed amalgamation will be April 01, 2022.

In order to comply with the requirements of the Companies Act and other applicable statutes, the AC of TML has appointed Valuers to recommend the share exchange ratio for the Proposed Transaction (“Share Exchange Ratio”).



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RBSA Capital Advisors LLP has been appointed by the AC of TML to provide a fairness opinion on the Share Exchange Ratio, as recommended by the Valuers. Our scope of work includes commenting only on the fairness of the Share Exchange Ratio recommended by the Valuers from financial point of view and not on the fairness or economic rationale of the Proposed Transaction per se. This opinion does not address any other aspects or implications related to the Proposed Transaction or any other transactions and also does not address the relative merits of the amalgamation as compared to alternative transactions or strategies that might be available.

### Company Profile:

#### **Tata Metaliks Limited**

TML is a public limited company incorporated in 1990 under the provisions of the Companies Act, 1956. Its registered office is located at Tata Centre, 10<sup>th</sup> Floor, 43, J. L. Nehru Road, Kolkata - 700071, West Bengal. TML is primarily engaged in the business of manufacture and sale of pig iron and ductile iron pipes with its manufacturing facility located at Kharagpur, West Bengal.

The issued, subscribed, and paid-up equity share capital of TML as on June 30, 2022 was INR 315.78 million consisting of 31,577,500 equity shares of INR 10 each fully paid up. TSL holds ~60.03% equity in TML as of June 30, 2022. The equity shares of TML are listed on the BSE Limited ("BSE") and The National Stock Exchange of India ("NSE").

The Board of Directors of TML and Tata Steel Long Products Limited ("TSLP") in their meeting of November 13, 2020, approved the Scheme of Amalgamation for the merger of TML into TSLP (the "Erstwhile Scheme"), which is awaiting regulatory approvals. We understand from the management of TML, that the Erstwhile Scheme shall be withdrawn at the time of filing the Scheme for the Proposed Transaction.

#### **Tata Steel Limited**

TSL is a public limited company incorporated in 1907 under the Companies Act, 1956 and has its registered office at Bombay House, 24, Homi Mody Street, Fort, Mumbai - 400001. TSL is a leading global steel company with presence in the entire value chain of steel manufacturing from mining and processing iron ore and coal to producing and distributing finished products.

Effective July 28, 2022, the equity shares of TSL were sub-divided from face value INR 10 to face value INR 1 each. Consequently, post sub-division, the issued equity share capital of TSL comprises 12,223,453,300 equity shares of face value INR 1 each. Of this, 22,32,880 equity shares are partly paid up. The equity shares of TSL are listed on BSE and NSE. The global depository receipts of TSL are listed on the Luxembourg Stock Exchange and the London Stock Exchange.



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### Sources of Information:

For arriving at the fairness opinion set forth below, we have considered the following information:

- Audited financial statements of the Specified Companies for the year ending March 31, 2018 to March 31, 2022;
- Financial statements of the Specified Companies for the 3 months period ended June 30, 2022;
- Draft Reports of the Valuer and Additional Valuer for recommendation of the Share Exchange Ratio;
- Draft Scheme of Amalgamation for the Proposed Transaction (the "Scheme");
- Discussions with the senior management of the Specified Companies regarding past and current business, operations, financial condition, and prospects of the Specified Companies;
- Discussions with the Valuers;
- In addition to the above, we have also obtained such other explanations, which we considered relevant for the purpose of our analysis.

### Procedures Performed:

For arriving at the fairness opinion, we have performed the following procedures:

- Analysis of the audited financial statements of the Specified Companies for the year ending March 31, 2018 to March 31, 2022
- Analysis of financial statements of the Specified Companies for the 3 months period ended June 30, 2022;
- Considered Draft Reports of the Valuers for recommendation of the Share Exchange Ratio;
- Considered Draft Scheme;
- Considered Equity share capital of the Specified Companies as at the Report date;
- Discussions with senior management of the Specified Companies regarding past and current business, operations, financial condition and prospects of the Specified Companies;
- Discussions with the Valuers regarding the valuation approach and methodology adopted, key parameters and seeking relevant clarifications;
- Analysis of the information relating to the Specified Companies and peer companies available in the public domain and proprietary databases subscribed by us;
- Performed such other analyses and considered such other information and factors that we deemed appropriate.



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### Scope, Limitations, Disclaimers, Assumptions, Qualifications and Exclusions:

- This Fairness Opinion, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement; (ii) date of this Report ("Fairness Opinion Date"); (iii) the Valuers' Reports for recommendation of Share Exchange Ratio, and (iv) are based on the financial statements of Specified Companies as of June 30, 2022. We have been informed that the business activities of the Specified Companies have been carried out in the normal and ordinary course between June 30, 2022 and the Fairness Opinion date and no material changes have occurred in their respective operations and financial position.
- While our work has involved an analysis of financial and other information provided by the Specified Companies, our engagement does not include an audit in accordance with generally accepted auditing standards of the Specified Companies' existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- RBSA has relied upon the representations that the information provided is accurate and complete in all material respects. With respect to explanations and information sought from the Specified Companies, we have been given to understand by the respective managements that they have not omitted any relevant and material factors about the Specified Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by the Specified Companies. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Specified Companies' management, it may have a material effect on our findings.
- This Fairness Opinion is based on business, economic, market and other conditions as they existed as of the date of this Fairness Opinion. Subsequent events or circumstances that could affect the conclusions set forth in our Fairness Opinion include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition, and results of operations of the Specified Companies. The user to which this fairness opinion report is addressed should read the basis upon which the Report has been done and be aware of the potential for later variations in value due to factors that are unforeseen at of the Report Date. Due to possible changes in market forces and circumstances, this opinion can only be regarded as relevant as at the Report Date. RBSA is under no obligation to update, revise or reaffirm the Fairness Opinion.



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- We have assumed that the Proposed Transaction will be approved by regulatory authorities and will be consummated in accordance with the terms set forth in the Scheme. We have also relied on data from external sources to conclude the fairness opinion. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- Providing fairness opinion is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our opinion will have to be tempered by the exercise of judicious discretion and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single Share Exchange Ratio. While we have provided our opinion on the fairness of the Share Exchange Ratio recommended by the Valuers based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Exchange Ratio at which the Proposed Transaction shall be with the Board of Directors of the Specified Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- The Fairness Opinion assumes that the Specified Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Specified Companies will be managed in a competent and responsible manner. Further, this Fairness Opinion has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited balance sheet of the Specified Companies.
- We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other person to the Specified Companies. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Specified Companies, their directors, employees, or agents. In no circumstances, shall the liability of RBSA, its partners, directors or employees relating to the services provided in connection with the engagement set out in this Report exceed the amount paid to RBSA in respect of the fees charged by it for these services.



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- It is understood that this Fairness Opinion is for the benefit and use of the Board of Directors of TML in connection with and for purposes of its evaluation of the Proposed Transaction and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of TML. RBSA accepts no responsibility or liability to any third party, in connection with this Report. This opinion may not be disclosed, referred to, or communicated (in whole or in parts) to any third party, nor shall any public reference be made, for any purpose whatsoever except as required to be disclosed by TML to the relevant stock exchanges pursuant to Master Circular no. SEBI/HO/CFD/DILI/CIRIP/20211000000665, dated November 23, 2021, as amended, issued by the Securities and Exchange Board of India ("SEBI Circular") and may be disclosed on the website of TML and the stock exchanges to the extent required in terms of the SEBI Circular, a part of the explanatory statement to be circulated to the shareholders and or creditors of TML and as required to be disclosed to relevant judicial, regulatory or government authorities, as required under applicable laws. It is clarified that reference to this Report in any document and/ or filing pursuant to the Regulations, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by RBSA of any responsibility or liability to any person / party other than TML.
- This Fairness Opinion is subject to laws of India and is governed by concept of materiality.
- The Fairness Opinion should not be construed to be an investment advice in any manner whatsoever. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, accounting, tax, or other appropriate professional advice. It is assumed that such opinions, counsel, or interpretations have been or will be obtained from the appropriate professional sources.
- The fee for our services is not contingent upon the results of the Proposed Transaction.
- Our Fairness 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 Proposed Transaction or any matter related thereto.



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### Valuers' Recommendation

In arriving at the relative value of equity shares of the Specified Companies, the Valuers have considered and applied equal weights to the following methods:

- Market Approach – Market Price Method and
- Market Approach – Comparable Companies Multiple Method

The Valuer has recommended the following Share Exchange Ratio for the Proposed Transaction as per their valuation report:

79 (Seventy-Nine) equity shares of Tata Steel Limited (of face value INR 1/- each fully paid up) for every 10 (Ten) equity shares of Tata Metaliks Limited (of face value INR 10/- each fully paid up).

The Additional Valuer has recommended the following Share Exchange Ratio for the Proposed Transaction as per their valuation report:

79 (Seventy-Nine) equity shares of Tata Steel Limited (of face value INR 1/- each fully paid up) for every 10 (Ten) equity shares of Tata Metaliks Limited (of face value INR 10/- each fully paid up).

### Our Comment on the Share Exchange Ratio

In the circumstance, having regards to the relevant factors and on the basis of information and explanations provided to us, in our opinion, the Share Exchange Ratio as recommended by the Valuer and the Additional Valuer, which forms the basis for the Proposed Transaction, is fair, to the shareholders of TML, from a financial point of view.

Yours Truly,

**RBSA Capital Advisors LLP**  
SEBI Registered Category I Merchant Banker  
Registration Code: INM000011724

*R. Shah*

Ravishu Vinod Shah  
Partner  
Date: September 22, 2022

