

HARMINDER SINGH DUTTA

(FCA, ACS, M.COM)

REGISTERED VALUER

Date: 15.09.2022

To,
The Shareholders
Hira Steels Limited
720/1 Rawabhata, Industrial Area
Raipur

Dear Sir,

Sub:- Determining Exchange Ratio for Merger of Jagdamba Power & Alloys Limited (JPAL) with Hira Steels Limited(HSL)

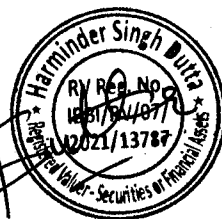
Pursuant to the appointment of Harminder Singh Dutta (Registered Valuer under IBBI) by the Shareholders of M/s HIRA STEELS LIMITED (HSL) CIN U27104CT1994PLC008555, vide your appointment letter 07.09.2022 and acceptance of my engagement letter dated 10.09.2022 for the purpose of determining the exchange ratio for Merger of JPAL with HSL, we enclose here with our Valuation Report.

The Exchange Ratio of common share JPAL with HSL, for the aforesaid purpose, as on 31st July 2022 is 1:2 (i.e. for every one share of JPAL the share holder with get two share of HSL) as determined in the Report enclosed herewith.

I appreciate the co-operation received by us from your executives during this assignment.

Thanking you,

Yours Faithfully,



HARMINDER SINGH DUTTA,
FCA, Registered Valuer (S&FA)
IBBI Reg. Valuer No. IBBI/RV/07/2021/13787
RVO M.NO- PVAI/VPO/THN/SFA/1003
UDIN:- 22431549AVKDMC3423
Place:- Raipur

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HIRA STEELS LIMITED

VALUATION OF SHARES

I. TERMS OF REFERENCE

HIRA STEELS LIMITED ('HSL ' or Company') is a public limited company incorporated under the Companies Act 1956.

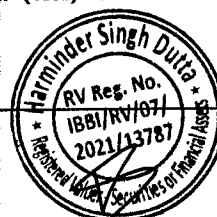
The shareholder of M/s HIRA STEELS LIMITED (HSL) has appointment me to ascertain the Exchange Ratio on an independent basis in the capacity of registered valuer for merger of JPAL with HSL vide its appointment letter dated 15.09.2022 and acceptance of my engagement letter dated 22.09.2022.

II. BACKGROUND OF HIRA STEELS LIMITED

Hira Steels Limited was originally incorporated under the Companies Act, 1956 on 16th August, 1994 under the name and style of "Hira Ispat Limited" having Certificate of Incorporation No. 10-08555 of 1994 and obtained Commencement of Business certificate on 14th August, 1994. The name of the Company was changed to its present name i.e. "Hira Steels Limited" on 5th June, 1995. HSL is mainly engaged in manufacturing of M.S. Bars (Round) in Coil, H.B. Wire and TMT Bars having its Registered Office - 720/1, Rawabhata Industrial Area, Raipur (C.G.)

The Capital Structure of HSL as per Provisional financials as at 31st July 2022 is as under:-

Authorized Capital	INR Rs.
11750000 Equity Shares of Rs. 10/- each	11,75,00,000
14400000 Preference Shares of Rs. 10/- each	14,40,00,000
TOTAL	26,15,00,000
Issued, subscribed and fully paid-up	
8608350 Equity Shares of Rs. 10/- each fully paid up	8,60,83,500
1950000 0.01% Non-Cumulative Non Participating Optionally Convertible & Redeemable Preference Shares of Rs 10/- each	1,95,00,000
TOTAL	10,55,83,500



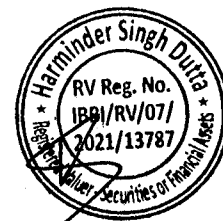
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Directors Details: The following are the Directors of the HSL:-

DIN/PAN	Name	Begin date
<u>01075859</u>	Amit Agrawal	28/07/2004
<u>02992106</u>	Arun Poddar	30/09/2020
<u>06361486</u>	Niket Khandelwal	02/09/2016
<u>06599329</u>	Rajesh Kumar	17/08/2019
<u>08668576</u>	Shruti Avinash Bajaj	12/03/2020



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REGISTERED VALUER

PROVISIONAL FINANCIAL OF HSL AS AT 31st JULY 2022

Particulars	31.07.2022
	₹
EQUITY AND LIABILITIES	
<u>Shareholders' Funds</u>	
Share capital	10,55,83,500
Reserves and surplus	101,01,59,948
<u>Non-current liabilities</u>	
Long-term borrowings	32,48,93,656
Deferred Tax Liabilities	1,00,18,393
Long-term provisions	1,33,35,558
<u>Current liabilities</u>	
Short-term borrowings	29,93,21,523
Trade payables	
- Outstanding dues of creditors other than microand small enterprises	14,58,79,053
Other current liabilities	7,34,74,776
Short-term provisions	1,53,41,623
TOTAL	199,80,08,030
ASSETS	
<u>Non-current assets</u>	
Property, plant and equipment	32,75,09,305
Intangible Assets	3,47,825
Capital work-in-progress	53,29,62,041
Non-current investments	1,32,37,500
Long-term loans and advances	1,42,13,944
Other non-current assets	2,91,00,344
<u>Current assets</u>	
Inventories	22,41,14,579
Trade receivables	24,67,13,827
Cash & bank balances	17,89,730
Short-term loans and advances	60,80,18,936
TOTAL	199,80,08,030



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III. JAGDAMBA POWER & ALLOYS LIMITED

Jagdamba Power & Alloys Limited ('JPAL' or Company) is a public limited company incorporated under the Companies Act 1956.

BACKGROUND OF JPAL

JPAL was originally incorporated under the Companies Act, 1956 on 16th September, 1999 CIN- U27104CT1999PLC013744 having its Registered Office - Hira Arcade, Pandri Raipur (C.G.)

The Capital Structure of JPAL as per Provisional financials as at 31st July 2022 is as under:-

Authorised	INR Rs.
10000000 Equity Shares of Rs. 10/- each	10,00,00,000
TOTAL	10,00,00,000
Issued, subscribed and fully paid-up	
5064700 Equity Shares of Rs. 10/- each fully paid up	5,06,47,000
TOTAL	5,06,47,000

Directors Details: The following are the Directors of the JPAL:-

DIN/PAN	Name	Begin date
00494805	Alok Agrawal	01/03/2004
02992106	Arun Poddar	01/07/2017
06361486	Niket Khandelwal	21/04/2016



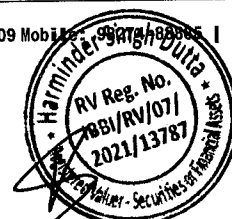
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REGISTERED VALUER

PROVISIONAL FINANCIAL OF JPAL AS AT 31ST JULY 2022

Particulars	As at 31.07.2022
	₹
ASSETS	
(1) Non -current assets	
(a) Property, Plant and Equipment	35,02,712
(b) Capital work-in-progress	32,73,673
(c) Financial assets	
(i) Investments	28,17,45,900
(ii) Loans	1,16,03,57,011
(d) Deferred tax assets (net)	16,39,065
(e) Other non-current assets	20,50,699
	1,45,25,69,060
(2) Current-assets	
(a) Financial assets	
(i) Bank, Cash and cash equivalents	7,96,601
(b) Current tax assets(Net)	-
(c) Other current assets	2,20,11,800
(3) Assets Classified as Discontinued Operations	23,54,64,440
	25,82,72,841
Total Assets	1,71,08,41,901
EQUITY AND LIABILITIES	
Equity	
(a) Equity share capital	5,06,47,000
(b) Other equity	1,15,35,61,610
Liabilities	
(1) Non-current liabilities	
(a) Financial Liabilities	
- Borrowings	2,06,23,129
(b) Provisions	2,95,621
(2) Current liabilities	
(a) Financial Liabilities	
(i) Borrowings	6,17,679
(ii) Trade Payables	
- total outstanding dues of creditors other than micro enterprises and small enterprises	40,86,404
(iii) Other Financial Liabilities	49,53,675
(b) Other current liabilities	58,47,153
(c) Current tax liability	12,04,19,844
(3) Liabilities Classified as Discontinued Operations	34,97,89,786
Total Equity and Liabilities	1,71,08,41,901



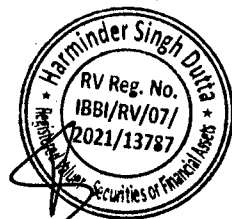
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IV. ABOUT THE VALUER

The valuer **HARMINDER SINGH DUTTA** is a Practicing Chartered Accountant, and IBBI Registered Valuer under Securities or Financial Assets as per Companies Act, 2013, his area of specialisation includes Project Financing, Accounting, Audit & Assurance, Consulting, Legal, Taxation & Valuation. He leads the business advisory and valuation function, dealt with valuation requirements under regulatory, compliance, financial reporting, investments primarily for Indian corporate. His strengths are derived from a skilled and motivated team of Professionals and dedicated client support team with continuous training and development of the skills of the team, state of the art infrastructure, and timely deliverables to the satisfaction of the clients.



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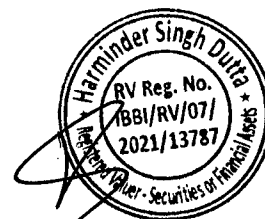
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V. DISCLOSURE OF VALUER'S INTEREST/CONFLICTS

The Valuer is independent in relation to the companies and,

- i. is a person of integrity and possesses relevant expertise and experience,
- ii. who is or was not a promoter of the company or its holding, subsidiary or associate company
- iii. who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- iv. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- v. None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors,
- vi. who, neither himself nor any of his relatives holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company
- vii. who, neither himself nor any of his relatives is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;



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VI. SCOPE OF THE REPORT

Based on discussion with the Management, I understand that the Company's promoters are evaluating for determining the Exchange Ratio of equity shares for merger of JPAL with HSL under Section 234 and all other application provisions, if any, of the Companies Act, 2013.

In this context, the Management requires our assistance in determining the fair value of equity shares of the Company. Generally there are three valuation approaches available as enumerated in ICAI Valuation Standard 103, we have carried out this Valuation Analysis under NAV Method.



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VII. INFORMATION RELIED UPON BY US

This report is prepared on the basis of following information obtained from the company or wherever applicable information available in the public domain:

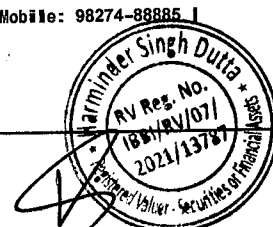
A. NON-Financial Information

- a. nature, background, and history of the business;
- b. classes of equity ownership interests and rights attached thereto;
- c. products or services, or both;
- d. industry markets;
- e. legal status of the asset being valued.

B. Ownership Information to determine the type of ownership interest, classes of equity ownership interests and rights attached thereto etc.

C. Financial Information

- a. Audited Financial statements for the year ended 2020-2021
- b. Audited Financial statements for the year ended 2021-22
- c. Provisional Financial statements for the year ended as at 31.07.2022
- d. Brief Profile of company and directors
- e. MOA, AOA, COI of both Company
- f. Details of Valuation of Immovable property of HSL and guideline value for land of JPAL
- g. Discussions with the Management on various issues relevant for the valuation including the prospects and outlook of the Company / industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc. to the above, I have also obtained such other information and explanations which were considered relevant for the purpose of my valuation.
- h. Such other information and explanations as we have required and which have been provided by the Management
- i. Our work does not constitute an audit or certification of the company's financial. Accordingly, we are unable to and do not



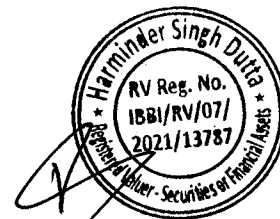
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express any opinion on the accuracy of information referred to in this report. We assume no responsibility for any error in the information submitted by the management and their impact on the present exercise.

- j. This valuation report is issued on the understanding that Company has drawn our attention on all the relevant matters, of which it was aware, concerning the Company's options plan and business which may have an impact on our Report.



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VII. METHODS OF VALUATION

Valuation bases Used:-

The intended purpose is to fair value shares, thus Fair Value, is selected and used as valuation basis considering the terms and purpose of the valuation engagement.

Premise of valuation Used:-

Equity Shares are valued assuming the business of the company will continue on going concern basis. Thus going concern is considered for premise of value.

Methodology and Procedures Adopted

As per ICAI Valuation standards generally there are three main valuation approaches which are as follow:

I. Market Approach

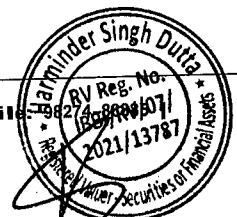
Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

II. Income Approach

Income approach is the valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e. discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

COMPARABLE COMPANIES MULTIPLE METHOD

The Comparable Companies Multiple Method arrives at the value of the company 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. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc. The Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) multiple of comparable listed companies are used for the present valuation exercise



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DISCOUNTED CASH FLOW (DCF) METHOD

Under DCF Method, the projected free cash flows of the Company/ business are discounted at a discount rate which reflects perceived riskiness of the projected cash flows in order to arrive at their present value. Then, the terminal value of the Company/ business is calculated based on the free cash flow of the last year of the forecast period, which is based on the future long-term growth of the revenues. This terminal value is then discounted to get the present terminal value. The present value of free cash flows for the projected period and present value of terminal value is added to arrive at the enterprise value. Thereafter, adjustment for non-operating assets/liabilities, surplus Cash and Cash Equivalents is made to arrive at the fair value of the Company/business.

III. Cost Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Valuation Standards issued by ICAI states that valuer shall use appropriate valuation approach considering the factors like nature of asset to be valued, availability of information and its reliability, strength and weakness of each valuation approach and methods and valuation approach/method considered by market participants.

In performing this valuation engagement I have followed "NAV Approach"



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VIII IMPORTANT MESSAGE TO ANY PERSON NOT AUTHORIZED TO HAVE ACCESS TO THIS REPORT

Any person who is not an addressee to this report is not authorized to have access to this report. Any unauthorized person obtain access to and read this report, by reading this report such person accepts and agrees to the following terms:

- a) The reader of this report understands that the work performed by **Harminder Singh Dutta** ("The Registered Valuer"), was performed in accordance with instructions provided by my addressee client and was performed exclusively for my addressee client's sole benefit and use.
- b) The reader of this report acknowledges that this report was prepared at the direction of my addressee client and may not include all procedures deemed necessary for the purpose of the reader.
- c) The reader agrees that **Harminder Singh Dutta** and his employees neither owe or accept any duty or responsibility to it whether in contract or in tort (including without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by any use the reader may choose to make of this report, or which is otherwise consequent upon the gaining of access to the report by the reader. Further, the reader agrees that this report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, other agreement or document and not to distribute the report without **Mr. Harminder Singh Dutta** Prior written consent.



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VIII. VALUATION OF COMMON SHARES OF HSL

The value of company under NAV approach has been arrived at as follows:-

- Management has provided the provisional financial as on 31.7.2022.
- Under Book Value method we have considered book value of all assets less liability to arrive at NAV (book Value)
- Under Market Value method we have considered book value except for Land, Building and all other assets less liability. We have considered market value of Land, Building as per valuation report provided by management.
- The value so Arrived at under both method is subtracted by Preference Share at redemption value.
- The balance value is then divided by number of equity share outstanding.

HSL	NAV (Book Value)	NAV (Market Value)
	31.7.2022	31.7.2022
Net Assets	111.57	127.21
Less PSC Redemption Value	19.5	19.5
Value of Equity Shares	92.07	107.71
No. of Shares (in Crores)	0.861	0.861
Value of Equity Share	106.96	125.13

VALUATION OF COMMON SHARES OF JPAL

The value of company under NAV approach has been arrived at as follows:-

- Management has provided the provisional financial as on 31.7.2022.
- Under Book Value method we have considered book value of all assets less liability to arrive at NAV (book Value)
- Under Market Value method we have considered book value except for Land and all other assets less liability. We have considered market value of Land as per guideline value report provided by management.
- The balance value is then divided by number of equity share outstanding.



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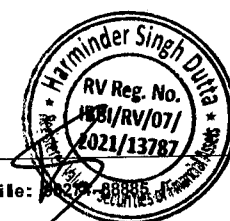
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JPAL	NAV (Book Value)	NAV (Market Value)
	31.7.2022	31.7.2022
NAV	120.42	120.81
Less PSC Redemption Value	-	0
Value of ES	120.42	120.81
No. of Shares (in Crores)	0.506	0.506
Value of Equity Share	237.77	238.53

CALCULATION OF EXCHANGE RATIO

JAGDAMBA POWER AND ALLOYS LIMITED			
Valuation Method	Value per Share in Rs.	Weight	Weighted Value
NAV Book Value	237.77	1	237.77
NAV Market Value	238.53	2	477.06
		3	714.83
Value per share Rs.			238.28
HIRA STEELS LIMITED			
Valuation Method	Value per Share in Rs.	Weight	Weighted Value
NAV Book Value	106.96	1	106.96
NAV Market Value	125.13	2	250.26
		3	357.22
Value per share Rs.			119.07
Therefore the exchange ratio shall be			238:119
i.e.			1:2

The Exchange Ratio of common share JPAL with HSL, for the aforesaid purpose, as on 31ST July 2022 is 1:2 for every one share of JPAL the shareholder with get two share of HSL.



S/O Harbhajan Singh Dutta, Behind Khemka Hospital, Jail Road, Sai Nagar, Raipur (C.G.) 492 009 Mobile: 98270-88885
Landline: 0771-4221303 | email: info@caharminder.com

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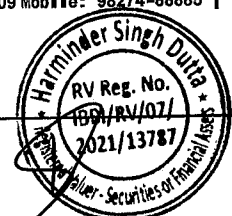
X. LIMITATIONS

- i. This valuation report is prepared solely for the Company for the purpose mentioned above and should not be used for any other purpose or by any other party. I will not accept any responsibility or liability to third parties to whom my report may be shown or into whose hands it may come.
- ii. As one may appreciate, valuation is more an art and not a precise science, hence conclusions arrived at in many cases are generally subjective and dependent on individual judgment and circumstantial factors borne at the time of such judgment.
- iii. Valuation is based on estimates of future financial performance. My opinions represents reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may at times be material.

I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I 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.

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

This valuation report is tempered by the exercise of judicious discretion by the Valuer, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.



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XI DISCLAIMER

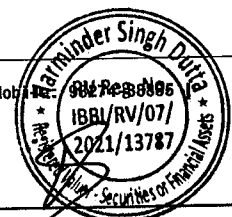
11.1 I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. I, by reason of performing this valuation and preparing this report, are not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with me regarding such additional engagement. I have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions materially affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, reorganization or reduction of any owner's / manager's participation in the existing activities of the Company.

I assume no hidden or unapparent conditions regarding the subject assets, properties or business interests. I assume there is full compliance with all applicable central, state or local regulations and laws unless the lack of compliance is stated, defined, and considered in the valuation report. I have been informed by management that there are no any significant lawsuit or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report.

11.2 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available for the purpose of this report. Our work does not constitute an audit or certification or due diligence of the working results, financial statements of the Company and its peers.

11.3 The valuation of Companies and business 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 judgment. While I have provided its assessment of the value of the share based on information available and within the scope and constraints of engagement, Other may place a different value on the same and actual value realized may differ significantly.

11.4 It may be pointed out that the Valuation is based on opinion that represent reasonable expectations at a particular point in time, but such estimate or income of profit will be achieved, that events will occur, or that a particular price will be offered accepted.



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- 11.5 In no circumstances however, will I or my associates or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on me or our associates or employees by any third party, HSL, shall indemnify them.
- 11.6 Our report is subject to scope limitations detailed hereinafter. As such, the report is to be read in totality and not in parts, in conjunction with relevant documents referred to herein.
- 11.7 In the opinion of the management, Current Assets, Loans & Advances as appearing in balance sheet are fully realizable in ordinary course of business.
- 11.8 No responsibility is assumed for information furnished by the company and such information is believed to be reliable.
- 11.9 Prior to issuance of this Report, the contents and factual accuracies of this Report was reviewed and approved by the management of the company.
- 11.10 Our liability if any shall be restricted to fees received by us for this assignment.

