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**BNK SECURITIES PVT. LTD.**  
SHARE BROKERS • INVESTMENT ADVISORS  
CATEGORY I MERCHANT BANKER • DEPOSITORY PARTICIPANT

Date: 28<sup>th</sup> September 2017

To,  
The Board of Directors,  
Indian Metals and Ferro Alloys Ltd.  
IMFA Building, Bomikhal, Rasulgarh  
Bhubaneswar, Orissa - 751010

**Sub: Fairness opinion on consideration to equity shareholders of B. Panda and Company Private Limited with regards to proposed scheme of Amalgamation of Indian Metals & Carbide Limited (IMCL) and B. Panda and Company Private Limited (BPCO) (Transferor Companies) with Indian Metals and Ferro Alloys Ltd. (IMFA) (Transferee Company).**

Dear Sir,

As Per Engagement Letter dated 20<sup>th</sup> Sept 2017 we are pleased to provide Fairness Report on proposed Scheme of Amalgamation of Indian Metals & Carbide Limited and B. Panda and Company Private Limited (Transferor Companies) with Indian Metals and Ferro Alloys Ltd. (Transferee Company).

### **1) Background & Purpose of Engagement**

#### **I. Indian Metals and Ferro Alloys Ltd. (Transferee Company)**

Indian Metals and Ferro Alloys Ltd. (CIN: L27101OR1961PLC000428) is a Company incorporated under The Companies Act, 1956 having registered office at IMFA Building Bomikhal Rasulgarh, Bhubaneswar, Orissa - 751010

Indian Metals and Ferro Alloys Ltd. is listed on BSE Limited (BSE) & National Stock Exchange of India Ltd. (NSE) having Security Code / Symbol as "533047" on BSE & IMFA on NSE. We have been provided with the draft Scheme of Amalgamation of Indian Metals & Carbide Limited and B. Panda and Company Private Limited (Transferor Companies) with Indian Metals and Ferro Alloys Ltd. (Transferee Company).



SEBI Regn Nos.  
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INB 030757035 (CSE), INE 260653536 (MCX-SX)  
IN-DP-CDSL-508-2009 (DP-CDSL)  
MB/INM000011641-CATEGORY I MERCHANT BANKER

CIN No. : U67120WB1995PTC071182  
An ISO 9001 : 2008 COMPANY

Registered Office :  
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The share capital of Indian Metals and Ferro Alloys Ltd. as on 31<sup>st</sup> August, 2017:

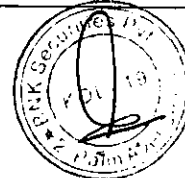
Particulars	Amount (INR)
<b>Authorized Share Capital:</b>	
(i) 3,00,00,000 Equity Shares of INR 10/- each	30,00,00,000/-
(ii) 40,000 9.5% Redeemable Cumulative Preference Shares of INR 100/- each	40,00,000/-
(iii) 2,60,000 Ind series Redeemable Cumulative Preference Shares of INR 100/- each.	2,60,00,000/-
<b>TOTAL</b>	<b>33,00,00,000/-</b>
<b>Issued, Subscribed and Paid up Share Capital:</b>	
2,69,77,053 Equity Shares of face value of INR 10/- each	26,97,70,530/-
<b>TOTAL</b>	<b>26,97,70,530/-</b>

## II. Indian Metals & Carbide Limited (Transferor Company 1)

Indian Metals & Carbide Limited (CIN: U27209OR1973PLC000598) is a company incorporated under The Companies Act, 1956 having Registered office at IMFA Building Bomikhal Rasulgarh, Bhubaneswar, Orissa - 751010. The Company is 100% subsidiary of Indian Metals and Ferro Alloys Ltd.

The share capital of Indian Metals & Carbide Limited as on 31<sup>st</sup> August, 2017:

Particulars	Amount (INR)
<b>Authorized Share Capital:</b>	
(i) 45,00,000 Equity Shares of INR 10/- each	4,50,00,000/-
(ii) 50,000 Preference Shares of INR 100/- each	50,00,000/-
<b>TOTAL</b>	<b>5,00,00,000/-</b>
<b>Issued, Subscribed and Paid up Share Capital:</b>	
1079996 Equity Shares of INR 10/- each	1,07,99,960/-
<b>TOTAL</b>	<b>1,07,99,960/-</b>



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### III. B. Panda and Company Private Limited (Transferor Company 2)

B. Panda and Company Private Limited (CIN: U74210OR1965PTC000478) is a Company incorporated under The Companies Act, 1956 having Registered office at IMFA Building, Bomikhal, Rasulgarh, Bhubaneswar, Orissa - 751006.

The share capital of B. Panda and Company Private Limited as on 31<sup>st</sup> August, 2017:

Particulars	Amount (INR)
<b>Authorized Share Capital:</b>	
75,000 Equity Shares of INR 100/- each	75,00,000/-
<b>TOTAL</b>	<b>75,00,000/-</b>
<b>Issued, Subscribed and Paid up Share Capital:</b>	
1949 Equity Shares of INR 100/- each	1,94,900/-
<b>TOTAL</b>	<b>1,94,900/-</b>

#### 2) Scope of Engagement

We understand that the Board of Directors of Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd. are proposing to amalgamate Indian Metals & Carbide Limited and B. Panda and Company Private Limited (Transferor Companies) with Indian Metals and Ferro Alloys Ltd. (Transferee Company) from appointed date, which has been proposed as April 01, 2017 in the draft scheme of Amalgamation under Sections 230-232 of the Companies Act, 2013 (herein referred to as scheme of Amalgamation).

Indian Metals and Ferro Alloys Ltd. vide engagement letter dated 20<sup>th</sup> September 2017 has engaged *BNK Securities Private Limited*, SEBI Registered Merchant Banker (*SEBI Registration No. INB 230653536*) to give fairness opinion with regards to the Scheme of Amalgamation of Indian Metals & Carbide Limited and B. Panda and Company Private Limited with Indian Metals and Ferro Alloys Ltd.



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### 3) Source of Information

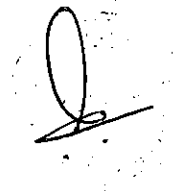
For the Purpose of Fairness Opinion Certificate, we have relied upon the following documents as received from the Transferor Companies and Transferee Company.

1. Draft Scheme of Amalgamation for the merger of Indian Metals & Carbide Limited and B. Panda and Company Private Limited (Transferor Companies) with Indian Metals and Ferro Alloys Ltd. (Transferee Company)
2. Annual Reports and List of Shareholders as on 31<sup>st</sup> March 2017. (Applicable for both Transferor & Transferee Companies)
3. Financial Statements and List of Shareholders as on 31<sup>st</sup> August 2017. (Applicable for both Transferor & Transferee Companies)
4. Valuation Report of Equity shares of Indian Metals and Ferro Alloys Ltd. by T R Chadha & Co LLP, an Independent Chartered Accountant dated 27<sup>th</sup> September 2017.
5. Valuation Report of Equity shares of B. Panda and Company Private Limited by T R Chadha & Co LLP, an Independent Chartered Accountant dated 27<sup>th</sup> September 2017.

### 4) Rationale:

With a view to consolidate business of IMCL into IMFA and rationalize and streamline the ownership structure of IMFA; the Amalgamation of IMCL and BPCO respectively into IMFA is being envisaged. The Amalgamation when approved would enable achievement of various objectives, including the following:

- a. Reduce overheads and administrative, managerial and other expenditure;
- b. Provide greater efficiency and more optimal utilization of resources;
- c. Reduce legal and regulatory compliances;
- d. create enhanced value for all stakeholders of the respective companies; and
- e. reorganize businesses to optimize for operational efficiency, rationalize for cost and streamline for growth.





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The Board of Directors of the respective Companies are of the opinion that it would, therefore, be advantageous to combine the activities and business operations of IMCL and BPCO into IMFA. Accordingly, with the aforesaid objectives, it is proposed to amalgamate IMCL and BPCO into IMFA.

### **5) Valuation Report**

In the Proposed Scheme of Amalgamation the Transferee Company will issue Shares to the Existing Shareholders of the Transferor Companies in the following Ratios and Cross holding of the Transferor Companies and Transferee Company will be cancelled as a result of which the Shareholding of the Transferee Company will change in Post Merger:

#### **I. Indian Metals & Carbide Ltd. (Transferor Company 1)**

Since the Transferee Company is the beneficial owner of the entire issued, subscribed and paid-up equity share capital of the Transferor Company 1, upon the Scheme becoming effective, the entire issued, subscribed and paid-up equity share capital of the Transferor Company 1 shall stand cancelled and/ or extinguished without any further application, acts, resolutions, filings, instruments, charges, costs or deeds. Therefore, upon the Scheme becoming effective and upon vesting in and transfer of the entire business of the Transferor Company 1 into the Transferee Company in accordance with clause 3.9(a) of the Scheme, no shares shall be issued and allotted by the Transferee Company and no amount whatsoever be paid/ payable as consideration for the amalgamation of Transferor Company 1 with the Transferee Company.

#### **II. B. Panda and Company Private Limited (Transferor Company 2)**

Simultaneously upon cancellation of all the equity shares held by the Transferor Company 2 in the Transferee Company as per Clause 3.9(b) of the Draft Scheme of Amalgamation, in consideration of the transfer to and vesting of the entire business and Undertaking of the Transferor Company 2 in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed being made by the shareholders of Transferor Company 2, issue and allot to all the equity shareholders of the Transferor Company 2 in proportion to their existing shareholding, as of the Effective Date, 1,39,18,046 (One Crore Thirty Nine Lakhs Eighteen Thousand and Forty Six) fully paid up equity shares of Rs. 10/- (Rupees Ten Only) each.



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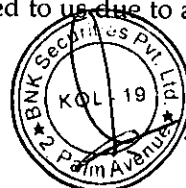
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The Valuation Reports received by the Companies Indian Metals and Ferro Alloys Ltd. & B. Panda and Company Private Limited from T R Chadha & Co LLP. Has proposed allotment of 13,924,205 (One Crore Thirty Nine Lakhs Twenty Four Thousand Two Hundred and Five) equity shares of Rs. 10/- (Rupees Ten Only) each. However, as per the draft scheme it is proposed to allot 1,39,18,046 (One Crore Thirty Nine Lakhs Eighteen Thousand and Forty Six) fully paid up equity shares of Rs. 10/- (Rupees Ten Only) each to the shareholders of B. Panda and Company Private Limited.

**6) Disclaimer / Limitation/ Warranties and Caveat**

1. This Report is prepared by us solely for the purpose and scope set out in this Report. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued and the purpose mentioned herein. We will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report without our written permission in each instance. The material is true only as of date of this letter. We assume no responsibility to update or revise the opinion based upon events or circumstances that occur later on.
2. We provide this report based on the information provided explanation given. Draft Scheme of Amalgamation provided to us, representations made by management of Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd., & Valuation Reports of Independent Chartered Accountant. We have neither checked, audited nor independently verified such information and representations. We have solely relied on explanations, information, papers, reports, documents only and accepted all those information provided to us as consistent and accurate on "as is" basis and have considered the information provided by them in this Report in good faith and in the belief that such information is neither false nor misleading.
3. This report is issued on the understanding that the Management of Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd. has drawn our attention to all matters of which they are aware concerning the financial position of the business of the company, which may have an impact on our opinion up to the date of issue. Our views are necessarily based on economic market and other conditions currently in effect. We however, have no obligation to update this Report for events, trends or transactions relating to the Company or the market/ economy in general & occurring subsequent to the date of this Report. We reserve the right to amend or replace the report at any time. We do not hold ourselves responsible or liable for any losses damages, costs, expenses or outgoings whatsoever and however caused, incurred, sustained or arising out of errors due to false, misleading wrong provisioning, assurance or incomplete information or documentations being provided to us due to any acts or omissions of any other persons.



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4. We have no present interest in Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd. Our fairness Opinion do not express any opinion on the sustainability or other wise of entering into any transactions with Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd. Further BNK Securities Private Limited nor any members of the team working on the Fairness Opinion on Certificate of Advisory have been influenced or undertaken, advocating a management position in determining the value.
5. We owe responsibility only to the Board of Directors of the Company who have retained us and nobody else. BNK Securities Private Limited does not accept any liability to any third party in relation to the issue of this Report. Neither this report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or documents given to third parties without our prior written consent except to Equity Shareholders of Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd., BSE Limited & National Stock Exchange of India Ltd. or Securities Exchange Board of India. We retain the right to deny permission for the same.
6. We also clarify and confirm that we are Merchant Banker (*SEBI Registration No. INB 230653536*) Registered with Securities and Exchange Board of India and that the registration is valid as of the date of signing of this report.

## 7) Opinion

On the basis of the above information and explanation provided to us by the management of Indian Metals & Carbide Limited, B. Panda and Company Private Limited & Indian Metals and Ferro Alloys Ltd. and perusal of the Scheme of Amalgamation. The Transferee Company will issue shares to shareholders of the transferor Companies in the following ratios and cross holding of the Transferee and transferor Companies will be cancelled. The Company has obtained Valuation Reports from an Independent Chartered Accountant:

### **I. Indian Metals & Carbide Ltd. (Transferor Company 1)**

Since the Transferee Company is the beneficial owner of the entire issued, subscribed and paid-up equity share capital of the Transferor Company 1, upon the Scheme becoming effective, the entire issued, subscribed and paid-up equity share capital of the Transferor Company 1 shall stand cancelled and/ or extinguished without any further application, acts, resolutions, filings, instruments, charges, costs or deeds. Therefore, upon the Scheme becoming effective and upon vesting in and transfer of the entire business of the Transferor Company 1 into the Transferee Company in accordance with clause 3.9(a) of the Scheme, no shares shall be issued and allotted by the Transferee Company and no amount whatsoever be paid/ payable as consideration for the amalgamation of Transferor Company 1 with the Transferee Company.





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## II. B. Panda and Company Private Limited (Transferor Company 2)

Simultaneously upon cancellation of all the equity shares held by the Transferor Company 2 in the Transferee Company as per Clause 3.9(b) of the Draft Scheme of Amalgamation, in consideration of the transfer to and vesting of the entire business and Undertaking of the Transferor Company 2 in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed being made by the shareholders of Transferor Company 2, issue and allot to all the equity shareholders of the Transferor Company 2 in proportion to their existing shareholding, as of the Effective Date, 1,39,18,046 (One Crore Thirty Nine Lakhs Eighteen Thousand and Forty Six) fully paid up equity shares of Rs. 10/- (Rupees Ten Only) each.

### 8) Conclusion

In light of the above and based on our examination of the reports of T R Chadha & Co LLP on valuation of Share Swap Ratio & Amalgamation of Indian Metals & Carbide Limited (IMCL) & B. Panda & Company Private Limited (BPCO) (Transferor Companies) with Indian Metals & Ferro Alloys Limited (IMFA) (Transferee Company) and such other undertakings & explanations provided to us by the Companies, our independent analysis and evaluation subject to scope & limitations as mentioned herein above and as per applicable SEBI guidelines & to the best of our knowledge and belief, we are of the opinion that the Share Entitlement Ratio for the proposed amalgamation of Indian Metals & Carbide Limited (IMCL) & B. Panda & Company Private Limited (BPCO) (Transferor Companies) with Indian Metals & Ferro Alloys Limited (IMFA) (Transferee Company) is fair.

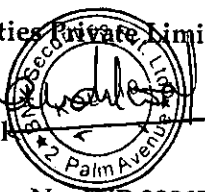
Thanks and Regards

For BNK Securities Private Limited

Ajit Khandelwal

Director

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