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For JSW Ispat Special Products Limited
(Formerly known as Monnet Ispat and Energy Limited)


Ajay Kadhao
Company Secretary

IOVRVF/PWC/2021-2022/509

February 16, 2022

To
Board of Directors

JSW Ispat Special Products Limited
(formerly known as Monnet Ispat and Energy Limited)
Bandra Kurla Complex, Bandra (East)
Mumbai, Mumbai 400051
India

Sub: Valuation of the Specified Undertaking of JSW Ispat Special Products Limited (formerly known as Monnet Ispat and Energy Limited) as at December 31, 2021 ("Valuation Date").

Dear Sir / Madam,

We refer to our engagement letter dated February 15, 2022 ("Engagement Letter" or "Contract") whereby JSW Ispat Special Products Limited (hereinafter referred to as "JISPL", "you", "Company" or the "Client") have requested PwC Business Consulting Services LLP (hereinafter referred to as "PwC BCS LLP", "we" or "us") for providing the valuation Services.

SCOPE AND PURPOSE OF THIS REPORT

JISPL (formerly known as Monnet Ispat and Energy Limited) is a public limited company incorporated under the Companies Act, 1956 (and validly existing under the Companies Act, 2013) having its registered office at JSW Center, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, and listed on both NSE and BSE ("Transferor Company"). The Transferor Company is, inter alia, engaged in the business of manufacturing and marketing of sponge iron, pellets, steel and ferro alloys.

Mivaan Steels Limited is a public limited company incorporated under the Companies Act, 2013 having its registered office at 504, 5th Floor, I / 49, Poonam Sagar Complex CHS Ltd., Behind Allahabad Bank, Thane – 401107 ("Transferee Company"). We understand that the Transferee Company has been recently incorporated and has a paid up equity share capital of INR 0.08 Million.

The Transferor Company intends to transfer the Specified Undertaking, as defined below, to the Transferee Company via a slump sale on a going concern basis, through the Scheme of Arrangement ("Scheme") under Sections 230 to 232 of the Companies Act, 2013.

Specified Undertaking as per the Scheme means the business of the Transferor Company pertaining to the manufacturing facilities at Raipur (includes a sponge iron manufacturing plant

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with a capacity of 0.3 MTPA and steel manufacturing plant with a capacity of 0.25 MTPA), mining facilities at Kanker, associated coal washery operations at Patherdih and includes certain other assets/ properties.

We understand that the Scheme shall be implemented by the Transferor Company with the Transferee Company (in its capacity as a wholly owned subsidiary ("WOS") of the Transferor Company)¹. Accordingly, the Transferor Company is evaluating transfer of the Specified Undertaking at a consideration based on the Book Value.

In the above context, the management of the Transferor Company ("Management") has retained us ("PwC BCS LLP") to carry out a valuation of the Specified Undertaking, on a going concern basis, and provide a Registered Valuer certified Report ("Report") as notified in the disclosure guidelines issued by Securities and Exchange Board of India (SEBI) vide Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 and as per Section 62(1)(c) of the Companies Act, 2013.

It is clarified that reference to this Report in any document and/ or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the proposed Scheme, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Board of Directors of the Transferor Company.

The Report will be used by the Transferor Company only for the purpose, as indicated in this report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Transferor Company for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

Unless required by law, the Management shall not provide our Report to any third party, without first obtaining consent of PwC BCS LLP, in writing, together with, where required by PwC BCS LLP, procuring a "Hold-Harmless" Letter in favor of PwC BCS LLP from such third party. In no event, regardless of whether consent has been provided, shall PwC BCS LLP assume any responsibility to any third party to which the advice or deliverable or draft deliverable is disclosed or otherwise made available.

This Report is our deliverable for the engagement. This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.



¹ We understand that the Transferor Company will acquire the Transferee Company for a marginal consideration equal to its paid up equity share capital.





SOURCES OF INFORMATION

In connection with this exercise, we have considered the following information received from the Management:

- Carve out provisional balance sheet of the Specified Undertaking as at December 31, 2021.
- Analysis of other facts and data considered pertinent to this Valuation, including Valuation Standards issued by International Valuation Standards ("IVS"), to arrive at a conclusion of Value.
- Draft Scheme of Arrangement.

During the course of our engagement, we have had discussions with the Management of the Transferor Company and have obtained explanations and information considered reasonably necessary for our exercise. The Transferor Company has been provided with the opportunity to review the draft report as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

DISCLOSURE OF INTEREST/CONFLICT

We hereby certify that, to the best of our knowledge and belief that:

- We are not affiliated to both the Transferor and Transferee Companies in any manner whatsoever;
- We do not have a prospective interest in the business, which is the subject of this Report;
- Our fee is not contingent on an action or event resulting from the analysis, opinions or conclusions in this Report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) the carve out provisional balance sheet of the Specified Undertaking as at December 31, 2021, as provided by Management.

An analysis of this nature is necessarily based on the information made available to us as of the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information till the date of this Report, furnished by the Transferor Company (or its representatives) and the said recommendation(s) shall be considered to be in the nature of non-binding advice. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Transferor Company/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, 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. If any person/ party (other than the Transferor Company and Transferee Company)





chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the carve out balance sheet of the Specified Undertaking. Also, with respect to explanations and information sought from the Transferor Company, we have been given to understand by the Transferor Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to they present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Transferor Company. Management of the Transferor Company has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our analysis/results. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.

Further, except 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 litigation and other contingent liabilities that are not recorded in the carve out balance sheet of the Specified Undertaking. Our conclusion assumes that the assets and liabilities of the Specified Undertaking, reflected in its carve out balance sheet remain intact as of the Report date. No investigation of the Transferor Company's claim to title of assets of the Specified Undertaking has been made for the purpose of this Report and the Transferor Company's 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.

This Report does not look into the business/ commercial reasons behind the proposed Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the transfer as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

Neither the 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 document given to the third parties other than in connection with the proposed Scheme, without our prior written consent except for disclosures to be made to relevant regulatory/statutory authorities.

We owe responsibility to only the Board of Directors of the Transferor Company that has appointed us under the terms of our Engagement Letter and nobody else. 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 to the Transferor Company, their directors, employees or agents. 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 Transferor Company, their directors, employees or agents. In no circumstances shall the liability of PwC BCS LLP, its partners, its directors or employees, relating to the services provided in connection with the engagement set





out in this Report shall exceed the amount paid to us in respect of the fees charged by it for these services.

It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

APPROACH & METHODOLOGY - BASIS OF VALUATION

We understand that the Scheme shall be implemented by the Transferor Company with the Transferee Company, in its capacity as a wholly owned subsidiary ("WOS") of the Transferor Company. Accordingly, the Management intends to transfer the Specified Undertaking for a consideration based on the Book Value. Since the Transferee Company will be a WOS of the Transferor Company when the Scheme is effected, the economic interest of the shareholders of the Transferor Company will continue to remain same.

Accordingly, we have provided our Conclusion using the Net Asset Value Approach by considering the carve out balance sheet of the Specified Undertaking at the Valuation Date. The Net Asset Value approach indicates the value of a company based on the net assets (i.e. total assets – total liabilities) appearing in the Balance Sheet of the company which is being valued as at the Valuation Date (We have not assessed the Fair Value² of the Specified Undertaking or the assets/ liabilities comprised therein).

CONCLUSION

Basis the above, the value of the Specified Undertaking as at December 31, 2021 is assessed as **INR 4,431.1 Million** (Refer Annexure 1).

Respectfully submitted,

PwC BCS LLP

Registered Valuer Entity (Securities or Financial Assets & Plant and Machinery)

Registration Number: IBBI/RV-E/02/2022/158

Neeraj

Per Neeraj Garg

Partner

PwC Business Consulting Services LLP

IBBI Membership No: IBBI/RV/02/2021/14036

Date: February 16, 2022

² It may however be noted that the actual fair value of the Specified Undertaking may be different from our conclusion in this Report as the book value (a historical metric) does not capture the future potential of the business.





Annexure 1 – Carve out balance sheet of the Specified Undertaking

INR Million

Particulars	Book Values	
	As provided by Management	Considered
Assets		
Non-Current Assets		
Tangible Assets	1,850.9	1,850.9
Capital Work in Progress	359.1	359.1
Long term loans and advances	17.3	17.3
Total Non-Current Assets	2,227.3	2,227.3
Current Assets		
Inventories	1,266.3	1,266.3
Trade receivables	217.9	217.9
Cash and cash equivalents	469.3	469.3
Short term loans and advances	888.6	888.6
Other Current Assets	31.1	31.1
Total Current Assets	2,873.1	2,873.1
Total Assets	5,100.4	5,100.4
Liabilities		
Non-Current Liabilities		
Long term provisions	16.1	16.1
Total Non-Current Liabilities	16.1	16.1
Current Liabilities		
Trade payables	358.7	358.7
Other current liabilities	267.9	267.9
Short Term Provisions	26.6	26.6
Total Current Liabilities	653.2	653.2
Total Liabilities	669.3	669.3
Net Asset Value	4,431.1	4,431.1

We note that the Specified Undertaking also includes certain assets (i.e. a) Angul Land, Buildings & Washery b) Buildings located at ARTEE Sohna Road, Sainik Farms – Delhi and Flats - Three C Shelters Private Limited and c) Advances recoverable in Cash or Kind from Monnet Daniel Coal Wash Pvt. Ltd., Electricity Cess paid under protest and Cross Subsidy Charges under protest) which were fully impaired in FY19, and accordingly no separate value has been ascribed to these assets.

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(Formerly known as Monnet Ispat and Energy Limited)

Ajay Kadhao
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Company Secretary



JSW Ispat Special Products Limited

(formerly known as Monnet Ispat & Energy Limited)

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Date: 05-03-2022

To,
Manger – Listing Compliance,
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400051
NSE Symbol: JSWISPL

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 513446

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Arrangement amongst JSW Ispat Special Products Limited (“JISPL”) and Mivaan Steels Limited (“MSL”) and their respective shareholders and creditors (‘Scheme’)

Dear Sir / Madam,

Based on the recent SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/0000000657 dated 16th November, 2021, we confirm the following -

- No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation; and
- None of the entities forming part of the Scheme has any past defaults on account of listed debts- The entities does not have any listed debts as on date.

Note: JSW Ispat Special Products Limited (formerly known as Monnet Ispat & Energy Limited) had 9,200 Secured Redeemable Non-Convertible Debentures (‘NCDs’) of Rs. 10,00,000/- each aggregating to Rs 920 crores. Pursuant to the implementation of the Resolution Plan (under Insolvency and Bankruptcy Code, 2016) as approved by the Hon’ble National Company Law Tribunal vide its order dated 24.07.2018, the debts including NCDs of eligible financial creditors were paid in the manner provided in the approved Resolution Plan. The said NCDs were extinguished from the records of National Securities Depository Limited and Central Depository Services (India) Limited, respectively and delisted from BSE Limited on 25.06.2019. As on date, the Company does not have any outstanding NCD or listed debts.

For JSW Ispat Special Products Limited

Ajay Kadhao
Company Secretary



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