FAIR VALUATION REPORT OF EQUITY SHARES

OF

CHANDI STEEL INDUSTRIES LTD.

&

MACKEIL ISPAT & FORGING LTD.

Chandi Steel Industries Ltd.

MACKEIL ISPAT & FORGING LTD.
OUR QUALITY YOUR GROWTH

Conducted By:

Resolute Valuers & Consultants Private Limited

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31st July, 2023

CERTIFIED TO BE TRUE COPY

Chandi Steel Industries Ltd.

Seema Chowdhury
Company Secretary

ABBREVIATIONS

Abbreviation	Full Form
CR	Current Ratio
CSIL	Chandi Steel Industries Ltd.
DCF	Discounted Cash Flow
DIN	Director Identification Number
DOI	Date of Incorporation
EBIT	Earnings Before Interest & Tax
EBIDTA	Earnings Before Interest, Depreciation & Amortization and Tax
ECR	External Credit Rating
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to Firm
FY	Financial Year
GOI	Government of India
GST	Goods and Service Tax
ICSIL	Intelligent Communication Systems India Ltd
LTD	Long Term Debt
MIFL	Mackeil Ispat & Forging Ltd
NAV	Net Asset Value
NCLT	National Company Law Tribunal
PAT	Profit After Tax
PBT	Profit Before Tax
ROI	Rate of Interest
SLM	Straight Line Method
ST	Short Term
TNW	Tangible Net Worth
TOL	Total Outside Liability
UAD	Unabsorbed Depreciation
WACC	Weighted Average Cost of Capital

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1. IMPORTANT NOTICE AND DISCLAIMER

This Report provides for the fair valuation of the equity shares of Chandi Steel Industries Ltd ("**CSIL**" or "**the Transferee Company**"), Mackeil Ispat & Forging Ltd ("**MIFL**" or "**the Transferor Company**") and recommendation of fair share exchange ratio for the proposed amalgamation of MIFL with CSIL w.e.f. 1st April 2023 ("**Appointed Date**") *("CSIL" & "MIFL" shall be collectively referred to as "**the Companies**").*

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Resolute Valuers & Consultants Private Limited

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2. ABOUT THE ASSIGNMENT

We, Resolute Valuers & Consultants Private Limited (**"RVCPL"**), have been given to understand that Chandi Steel Industries Ltd ("**CSIL**" or "**the Transferee Company**") & Mackeil Ispat & Forging Ltd ("**MIFL**" or "**the Transferor Company**") is contemplating a corporate restructuring wherein MIFL is proposing to amalgamate itself into and with CSIL w.e.f. 1st April 2023 ("**Appointed Date**") *("CSIL" & "MIFL" shall be collectively referred to as "**the Companies**").*

Pursuant to Proposed Amalgamation, CSIL shall issue its equity shares of face value of INR 10 each to the equity shareholders of MIFL holding equity shares of MIFL of Face value of INR 10 each.

We have been given to understand that Board of Directors of CSIL and MIFL, on 31st July 2023, shall consider a Scheme of Amalgamation involving, amalgamation of MIFL into and with CSIL ("**Scheme**").

Towards the Proposed Amalgamation, the Management is desirous of undertaking fair valuation of equity shares of CSIL and MIFL and thereby recommending Fair Equity Share Exchange Ratio as on 1st April 2023 ("**Valuation Date**").

We, RVCPL, under a mandate letter dated 7th July, 2023, has been appointed for the fair valuation of the equity shares of CSIL, MIFL and recommendation of fair equity share exchange ratio for the Proposed Amalgamation and are pleased to forward herewith our valuation report for the same.

Our analysis is based on the financial projections, historical financial data, documents and information provided to us by the Management of CSIL and MIFL as well as information available in public domain.

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3. VALUATION SUMMARY

The basis of the amalgamation of MIFL with CSIL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair share exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / method.

The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations

Summary of the valuation of CSIL & MIFL determined under different valuation methodologies is as under:

Valuation Approach	Chandi Steel Industries Ltd		Mackeil Ispat & Forging Ltd	
	Weight	Value per Share (INR)	Weight	Value per Share (INR)
Asset Approach	-	-	-	-
Income Approach - Discounted Cash Flow Method	50%	153.60	75%	296.73
Market Approach - Market Price Method	-	-	-	-
Market Approach - Comparable Company Multiple Method	50%	152.22	-	-
Market Approach - Comparable Transaction Multiple Method	-	-	25%	295.15
Relative Value per share	**100%**	**152.91**	**100%**	**296.33**
Exchange Ratio (Rounded off)				**1.94**

On the basis of the foregoing, in our opinion, value of each equity shares of CSIL & MIFL as on the days of this report is **INR 152.91** and **INR 296.33** respectively considering the rights issue of equity share undertaken by CSIL in Quarter 1 of FY 24.

Hence, in light of the above we recommend **Share Exchange Ratio of 1.94 :1.** Therefore, based on our recommendation equity shareholders of MIFL shall receive 194 equity shares of INR 10 each of CSIL for every 100 equity shares of MIFL of INR 10 each.

4. SOURCE OF INFORMATION

4.1 For the purpose of this valuation exercise, we have received & relied upon the following sources of information:

- Audited Annual Accounts of CSIL and MIFL for FY 2018-19 to FY 2022-23;
- Management Certified Financial Projection of CSIL and MIFL from FY 2023-24 to FY 2027-28 with all relevant financial assumptions, from, as made available to us;
- Draft computation of Income Tax of CSIL and MIFL for AY 2023-24;
- Shareholding Pattern of the Companies as on 31st March 2023 and revised shareholding pattern of CSIL post right issue;
- Management Certified Draft Scheme of Amalgamation for the proposed restructuring;
- Brief Overview of the Companies and their past & current operations;
- NCLT order dated 21st September 2021 approving the resolution plan of MIFL submitted by Samriddhi Metals Private Limited.
- Management Representation Letters dated 24th July 2023 containing various data, documents and information relating to the Companies, which is relevant for the present valuation;
- Other information provided, as well as discussions held with, the Management and other key personnel of the Companies regarding past, current & future business operations;
- Published & secondary sources of data, whether or not made available by the Companies; &
- Such other necessary information as considered relevant.

4.2 In addition to review of the above information, we also held various discussions with the Management and other key personnel of the Companies from time to time regarding past, current &future business operations and obtain requisite explanation and clarification of data provided, either in oral or written form or in soft copy.

4.3 For the above exercise, we have also analyzed general market data, including economic, governmental, environmental forces and industry information that may affect the equity valuation of CSIL and MIFL.

4.4 Further, we have also relied on published and secondary sources of data whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same.

4.5 Management of CSIL and MIFL has been provided with an opportunity to review the draft Report for confirming the accuracies of facts and statements made herein this Report.

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5. COMPANY OVERVIEW

5.1. CHANDI STEEL INDUSTRIES LIMITED:

OVERVIEW

Chandi Steel Industries Limited (CSIL) (CIN: L13100WB1978PLC031670) having registered office at 3, Bentinck Street, PS Hare Street NA Kolkata WB 700001 India. Incorporated on 9th September 1978, CSIL is now the emerging as one of global leader for manufacturing of Cathode Collector Bar, Anode Bar, Copper Inserted Cathode Bar Assembly, Anode Stub and Grinding Media Rod for the aluminium, mineral and mining industry. Equity shares of CSIL are listed on Calcutta Stock Exchange.

The Plant has extensive machining facilities backed with fully equipped modern equipment and in-house testing facilities which have been created confidence and ability for manufacturing various sophisticated grades of steel conforming to national and international standards.

CSIL is a leading manufacturer of forging and engineering quality alloy and non-alloy steel Rounds, Flats and Squares and has the exclusive ability to manufacture various sophisticated grades of steel conforming to national and international standards.

FACILITIES

Heavy Rounds and Flats in various Carbon, Mild and Alloy Steel grades are manufactured in its factory situated in Liluah, Howrah, West Bengal.

The plant consists of Steel rolling Mills having an installed capacity of 60,000 TPA, Billet preheating furnace of capacity 10 TPH backed with producer gas plant a modern energy and advance technology which provides better quality heating of billets.

The plant is equipped with extensive machining facilities which includes CNC Machine, DHD Machine WMW palno miller, Drill machine Shaper, Lathe, Hydraulic straightening, Milling, Plano miller etc.

The facility is supported by well-equipped and modern tool room, Standard room, Metallurgical lab, Designing and process facilities and modern testing equipment which have been created confidence and ability for manufacturing various sophisticated grades of steel conforming to national & international standards.

KEY PRODUCTS

CSIL's some of the key products are herein detailed below:

1. **Cathode Bar (Copper Cored/Split)**

The Hall-Heroult process, the industrial method for the smelting of primary aluminum, involves passing a large electric current through a molten mixture of cryolite, alumina and aluminum fluoride to obtain liquid aluminum metal. An electric current, at an amperage of up to 600 kA, is passed through the bath.

Once passed through the bath, the electrical current flows into the molten aluminum and is then collected by the bottom of the pot, usually called "cathode".

2. **Grinding Media Rod**

CSIL produces a wide range of Grinding Media Rods from the superior quality of raw materials produced in their plant located at Liluah, Howrah, West Bengal. The Grinding Rods can be customized according to customers specific requirements. CSIL's Grinding Rods are mainly used for metallurgical, mineral and mining plant.

The Grinding rod manufacture is developed by using a unique process resulting with hardness profiles that have a high surface hardness and a lower hardness core. The higher hardness reduces the mill consumption significantly.

DIRECTORS/SIGNATORIES

Sl.	Name	DIN/PAN
1	Devendra Prasad Jajodia	0000045166
2	Susanta Sarkar	0006449312
3	Harsh Jajodia	0007022106
4	Seema Chowdhury	BRNPS8231C
5	Sumit Kumar Rakshit	0007603642
6	Ashok Kumar Choudhary	0007603658
7	Sweta Bhutra	0009701964
8	Tushar Kanti Sarkar	CEZPS9662D

CAPITAL STRUCTURE as on 31st March 2023

Particulars	Amount in ₹
Authorized capital	
3,70,00,000 Equity Shares of 10/- each	37,00,00,000
Issued, Subscribed & Paid-up Capital	
1,05,35,000 Equity Shares of 10/- each	10,53,50,000

SHAREHOLDING PATTERN as on 31st March 2023

Category	Nos	No of Shares held	% age
Promoter & Promoter Group (A)	**9**	**41,73,700**	**39.62%**
- Sangeeta Jajodia	1	8,75,000	8.31%
- Gaurav Jajodia	1	7,70,000	7.31%
- Ashish Jajodia	1	7,31,500	6.94%
- Kanchan Jajodia	1	5,91,500	5.61%
- Rajiv Jajodia	1	5,08,000	4.82%
- Devendra Prasad Jajodia	1	4,50,000	4.27%
- Sashi Devi Jajodia	1	2,47,000	2.34%
- Jai Salasar Balaji Industries Pvt. Ltd	1	400	0.00%
- Shri Keshrinandan Trade Pvt. Ltd	1	300	0.00%
Public (B)	**659**	**63,61,300**	**60.38%**
TOTAL (A+B)	**668**	**1,05,35,000**	**100%**

CAPITAL STRUCTURE as on the date of this report

We have been given to understand that CSIL has made a rights issue of equity share to its existing shareholder in quarter 1 of FY 2023 in the ratio of 2:1 i.e., 2 equity share of CSIL for each equity share of CSIL.

Hence, the issued equity capital of CSIL is herein given below:

Particulars	Amount in ₹
Authorized capital	
3,70,00,000 Equity Shares of 10/- each	37,00,00,000
Issued, Subscribed & Paid-up Capital	
3,16,05,000 Equity Shares of 10/- each	31,60,50,000

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SHAREHOLDING PATTERN as on the date of this report post rights issue

Category	Nos	No of Shares held	% age
Promoter & Promoter Group (A)	**9**	**2,16,77,562**	**68.59%**
- Sangeeta Jajodia	1	45,44,651	14.38%
- Gaurav Jajodia	1	39,99,292	12.65%
- Ashish Jajodia	1	37,99,328	12.02%
- Kanchan Jajodia	1	30,72,183	9.72%
- Rajiv Jajodia	1	26,38,493	8.35%
- Devendra Prasad Jajodia	1	23,37,248	7.40%
- Sashi Devi Jajodia	1	12,82,890	4.06%
- Jai Salasar Balaji Industries Pvt. Ltd	1	2,077	0.01%
- Shri Keshrinandan Trade Pvt. Ltd	1	1,400	0.00%
Public (B)	**663**	**99,27,438**	**31.41%**
TOTAL (A+B)	**672**	**3,16,05,000**	**100%**

PAST FINANCIAL PERFORMANCE OF CSIL

₹ in Crs

Particulars	18-19	19-20	20-21	21-22	22-23
Operating Revenue	241.55	239.04	229.86	431.81	494.26
YoY Growth in Operating Revenue		*-1.04%*	*-3.84%*	*87.86%*	*14.46%*
Operating EBITDA	15.85	18.05	13.87	35.43	59.56
Operating EBIDTA % age	*6.56%*	*7.55%*	*6.03%*	*8.20%*	*12.05%*
Non-Operating Income	1.31	2.14	0.44	0.53	2.37
Total EBIDTA	17.16	20.20	14.31	35.96	61.93
Total EBIDTA % age	7.07%	8.37%	6.21%	8.32%	12.47%
PBT	8.19	11.67	6.71	26.75	53.83
PAT	5.87	8.82	5.11	19.93	40.04
NW	21.99	30.79	35.90	55.84	95.76
TNW	21.99	30.79	35.90	55.84	95.76
Net Block (incl CWIP)	54.42	50.10	48.77	38.97	25.71
Total Borrowings	56.12	51.46	51.63	50.24	20.76
Current Ratio (in times)	1.41	1.91	1.81	2.50	4.87

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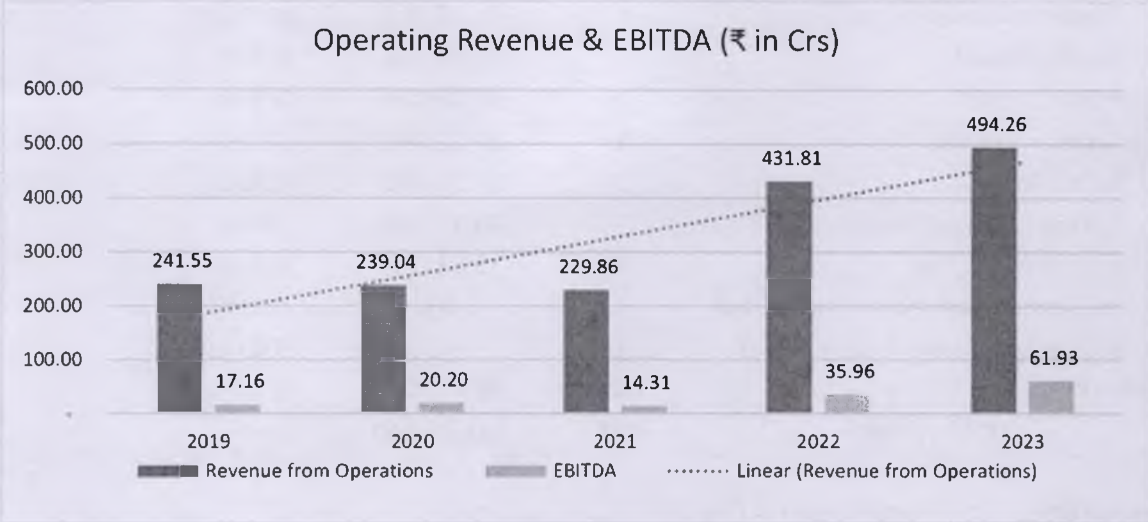

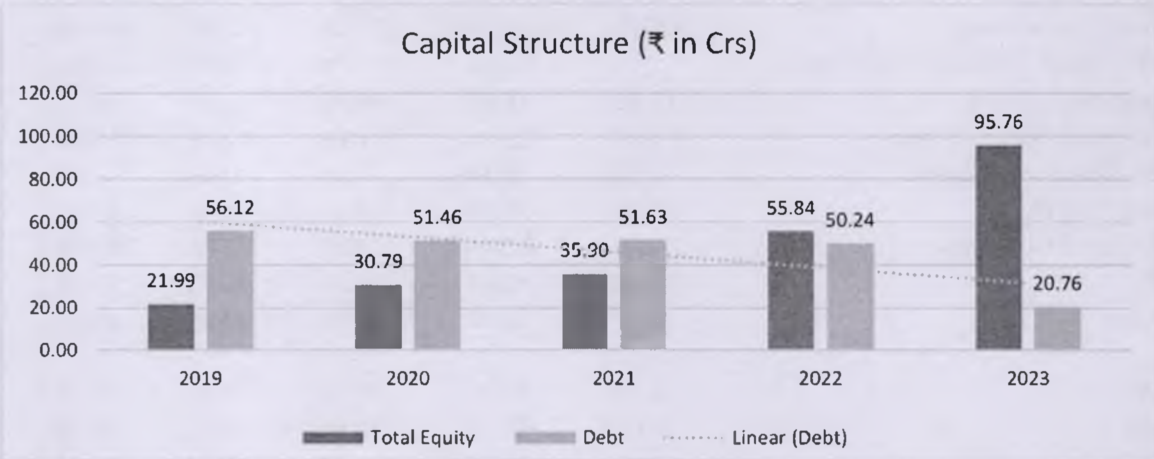

Comments on Past Financials

Turnover

CSIL achieved an operating revenue of ~Rs. 494 Crs in FY 22-23 & ~Rs. 432 Crs in FY 21-22. CSIL revenue has seen a significant increase in revenue on account of increase in demand and production of CSIL and increase in steel prices. The Company is projecting continued demand of non-alloy steel in the market on account of opening of Indian economy post covid19 and govt initiatives for infrastructure spending and promoting setting up industries in India.

EBITDA

CSIL has achieved a highest ever operating EBIDTA of ~Rs. 60 Cr in 2022-23 and an EBITDA margin of 12.05%. CSIL is confident of achieving the same margins in the projected period on account of increased production quantity and continued demand for non-alloy products manufactured and marketed by CSIL.

PAT

CSIL is a profit-making entity with significant increase in PAT since last 2 financial years.

Net Worth

CSIL is a profit-making entity with positive book Net worth of Rs. 96 Crs as on 31st March 2023.

Borrowings

CSIL has reduced its debt from Rs. 56 Crs as on 31st March 2019 to Rs. 21 Crs as on 31st March 2023. Management of CSIL is targeting zero debt CSIL by FY 23-24.

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5.2. MACKEIL ISPAT & FORGING LIMITED:

OVERVIEW

Mackeil Ispat & Forging Limited ("**MIFL**") (CIN: U27109WB2005PLC104575) having registered office at Siddha Weston, 2nd Floor, Room No. 203, 9 Weston Street Kolkata WB 700013 India, is a subsidiary of Samriddhi Metal Pvt Ltd with 80.75% shareholding as on 31st March 2023.

Incorporated on 4th August 2005, the manufacturing unit of MIFL was commissioned in the year 2008-09 and COD achieved in 2009. Due to various factors, the erstwhile promoters could not run the unit and suffered a huge loss during the financial year 2016-17, 2017-18 and 2018-19 which continues in the year 2019-20 also. As a result, it could not serve its debt obligation and other financial commitments. For recovery of dues, the case was referred to NCLT for Corporate Insolvency Resolution Process by the then Lenders.

As per the provision of IBC, the Committee of Creditor has approved the Resolution Plan of M/s Samriddhi Metals Private Limited ("SMPL"), Part of Kolkata Based SM Group with 100% voting for acquisition of MIFL by SMPL. Further, approval of Hon'ble NCLT was also received vide its order dated 21st September 2021.

MIFL is presently engaged in the manufacture of Forged Items.

After acquisition, in 2021-22 the company has posted a net loss of Rs.11.63 crore. In 2022-23, the company also incurred losses at Rs.20.87 crore. It is expected that it will take another 2-3 years to come at the break-even stage in terms of the profitability of the company.

Presently, the plant is operating at ~ 20% capacity.

FACILITIES

The company is having installed capacity of 36,000 MT/year with following facility:

- Most Modern Machining Facility.
- Comprehensive Heat Treatment Facility.
- Sophisticated Metallurgical Laboratory & Inspection Facilities.

The plant is situated on 20.40 acres of free hold land located at Bamunara Industrial Estate, Durgapur, Paschim Burdwan West Bengal – 713212.

MIFL has one of the biggest Open Die Forging Units in the country and Biggest in Eastern India.

KEY PRODUCTS

Key Product profile of MIFL is herein listed below:


Flange Shaft For Oil & Gas


Single Eccentric Crank Shaft


Turbine Drive Unit


High Pressure Valve Body


Tube Sheet OD-maximum


Forged nozzle


Nozzle for Oil & Gas


High Pressure Valve Body


High Pressure Valve Body


Christmas Tree valve Body


Ring OD-3200 mm maximum/ID


Gear Blank OD-3200 mm maximum/ID


Weld neck Flange OD-3200 mm maximum/ID


Main Shaft for Wind Energy


Intermediate Shaft


Rudder Stock


Propeller Shaft


Rolls Maximum OD-1200xlength


Forged Proof machine Stepped Shaft


Forged Proof machine Shaft


Forged Proof machine Square & Rectangular Block


Oil & Gas


Trunion for nuclear power plant


Gear & Pinion Shaft


Nozzle for Oil & Gas

DIRECTORS/SIGNATORIES

Sl.	Name	DIN/PAN
1	Bipin Agarwal	01845017
2	Indranil Ghosh	02991308
3	Deep Chand Lamba	06546108
4	Anshul Chamaria	06586643

CAPITAL STRUCTURE as on 31st March 2023

Particulars	Amount in ₹
Authorized capital	
2,00,00,000 Equity Shares of 10/- each	20,00,00,000
Issued, Subscribed & Paid-up Capital	
12,50,000 Equity Shares of 10/- each	1,25,00,000

SHAREHOLDING PATTERN as on 31st March 2023

Category	Nos	No of Shares held	% age
Promoter & Promoter Group			
- Samriddhi Metals Pvt. Ltd.	1	10,09,400	80.75%
- Anshul Chamaria	1	2,40,000	19.20%
- Vibhor Das Mundhra	1	100	0.01%
- Sarvottam Das Mundhra	1	100	0.01%
- Naina Mundhra	1	100	0.01%
- Vibhor Leasing & Credit Pvt. Ltd.	1	100	0.01%
- Shree N M Traders & Investments Pvt. Ltd.	1	100	0.01%
- Vibhor Constructions Pvt. Ltd.	1	100	0.01%
TOTAL (A+B)	**8**	**12,50,000**	**100%**

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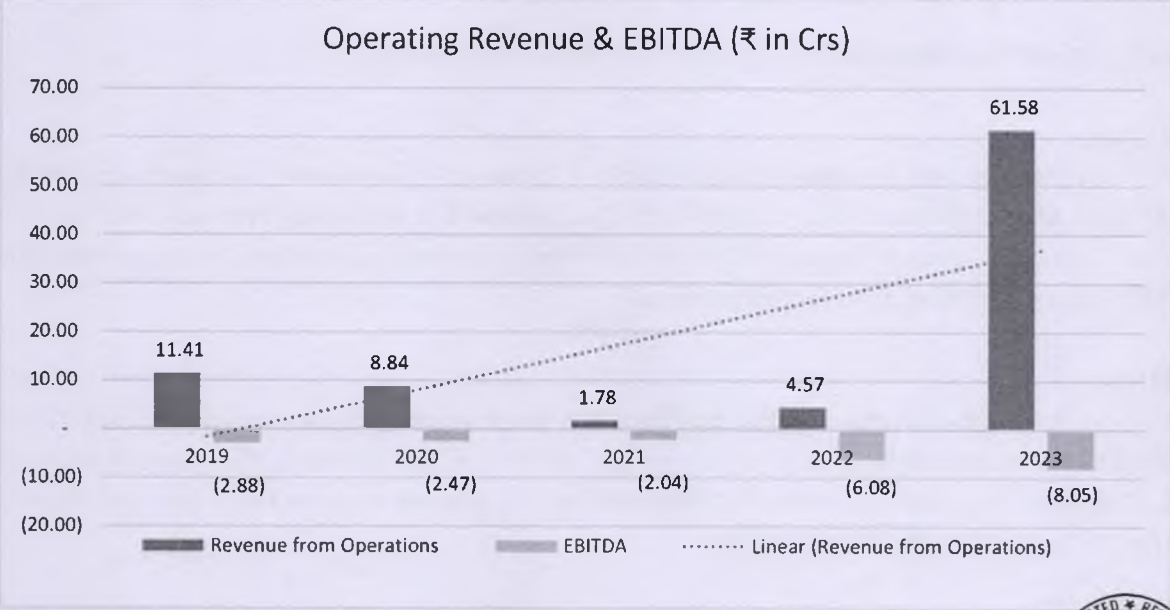
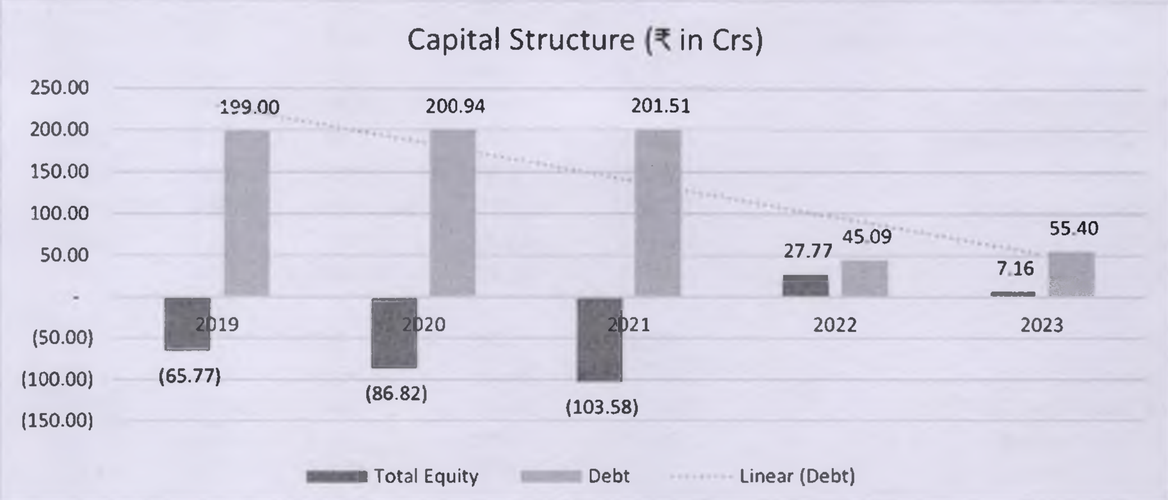
PAST FINANCIAL PERFORMANCE OF MIFL

₹ in Crs

Particulars	18-19	19-20	20-21	21-22	22-23
Operating Revenue	11.41	8.84	1.78	4.57	61.58
YoY Growth in Operating Revenue		-23%	-80%	157%	1247%
Operating EBITDA	-3.07	-2.67	-2.19	-6.24	-8.39
Operating EBIDTA % age	-26.92%	-30.18%	-122.98%	-136.53%	-13.63%
Non-Operating Income	0.19	0.20	0.14	0.16	0.34
Total EBIDTA	-2.88	-2.47	-2.04	-6.08	-8.05
Total EBIDTA % age	-24.80%	-27.32%	-106.34%	-132.89%	-13.48%
PBT	-22.79	-19.06	-15.23	-11.64	-20.87
PAT	-20.33	-21.05	-16.76	-11.64	-20.87
NW	-65.77	-86.82	-103.58	27.77	7.16
TNW	-65.77	-86.82	-103.58	27.77	7.16
Net Block (incl CWIP)	166.40	150.63	137.44	64.58	57.18
Total Borrowings	199.00	200.94	201.51	45.09	55.40
Current Ratio (in times)	0.67	0.54	0.59	1.62	1.06





Comments on Past Financials

Turnover

MIFL was acquired by Samriddhi Metals Pvt under a Corporate Insolvency Resolution Process of IBC, and hence MIFL experienced a turnaround in FY 21-22 achieved an operating revenue of ~Rs. 62 Crs in FY 22-23 with 20% capacity utilization. The management is projecting a significant increase in revenue with increase in production of forging products.

EBITDA

MIFL has been experiencing negative EBITDA since last 5 years. After acquisition, in 2021-22 the company has posted a net loss of Rs.11.63 crore. In 2022-23, the company also incurred losses of Rs.20.87 crore. It is expected that it will take another 2-3 years to come at the break-even stage in terms of the profitability of the company.

Net Worth

MIFL has a positive book Net-worth of Rs. 7.16 Crs as on 31st March 2023. It may be noted that post acquisition, current promoters of MIFL, Samriddhi Metals Pvt Ltd infused Rs. 1 Crs of equity capital in FY 2021-22 and further, equity capital of MIFL was increased by Rs. 25 lakhs in FY 2022-23.

Borrowings

MIFL has reduced its debt, owing to accounting adjustment in the books of accounts post acquisition through the CIRP proceedings and currently the company has long term unsecured debt of Rs.55.40 crores. Moreover, it has been projected that owing to increase in the level of operations, MIFL with be required to add peak working capital debt to the tune of Rs.54 crores in the next five years.

6. INDIAN STEEL INDUSTRY OVERVIEW

6.1. Robust Demand

- India's finished steel consumption stood at 75.34 MT in April-November 2022.
- According to Mr. Arnab Kumar Hazra, Deputy Secretary-General of Indian Steel Association, in CY23, crude steel production is expected to touch 134 MT finished production to reach around 127-128 MT.
- To drive post COVID-19 economic recovery, for the government has planned investments in roads, railways, metro connectivity, industrial parks, industrial corridors, DFC, transportation of water, oil and gas, transmission towers, affordable housing. All these sectors will drive demand for steel.

6.2. Competitive Advantage

- In April-November 2022, the production of crude steel in India stood at 81.96 MT.
- Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global set up.
- India is home to fifth-highest reserves of iron ore in the world.

6.3. Increasing Investment

- To achieve steel capacity build-up of 300 MTPA by 2030, India would need to invest US$ 156.08 billion by 2030- 31.
- The industry is witnessing consolidation of players, which has led to investment by entities from other sectors.
- The ongoing consolidation also presents an opportunity to global players to enter the Indian markets

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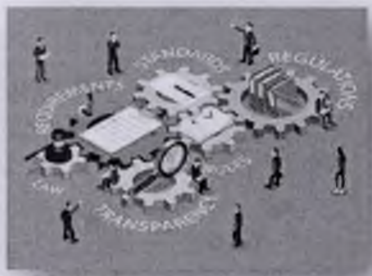
6.4. Policy Support

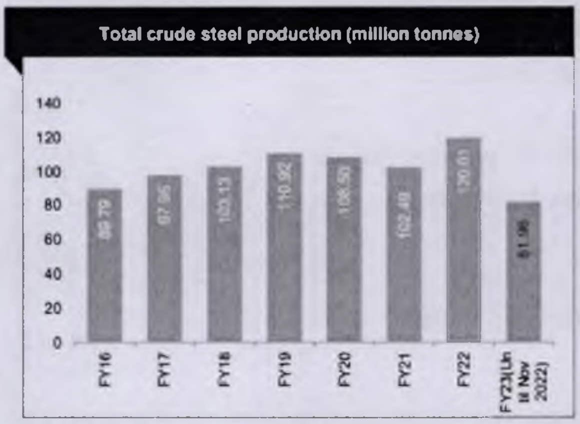
- In October 2021, the government announced guidelines for the approved specialty steel production-linked incentive (PLI) scheme.
- Export duty of 30% has been levied on iron ore (lumps and fines) to ensure supply to the domestic steel industry.
- Under the Union Budget 2023-24, the government allocated Rs. 70.15 crore (US$ 8.6 million) to the Ministry of Steel.



6.5. Steel Production in India in last 7 years

Steel production in India has been growing at a fast pace

IBEF



- In April-November 2022, the production of crude steel and finished steel in India stood at 81.96 MT and 78.09 MT respectively.
- In FY22, production of finished steel stood at 133.596 MT.
- In FY22, production of crude steel and finished steel stood a 133.596 MT and 120.01 MT, respectively.
- To support MSMEs, the government has reduced customs duty on stainless steel to 7.5%.
- In the Union Budget 2023-24, an investment of Rs. 75,000 crore (US$ 9.15 billion) (including Rs. 15,000 crore (US$ 1.83 billion) from private sources) has been allocated for 100 critical transport infrastructure projects for last and first mile connectivity for various sectors such as ports, coal, and steel.

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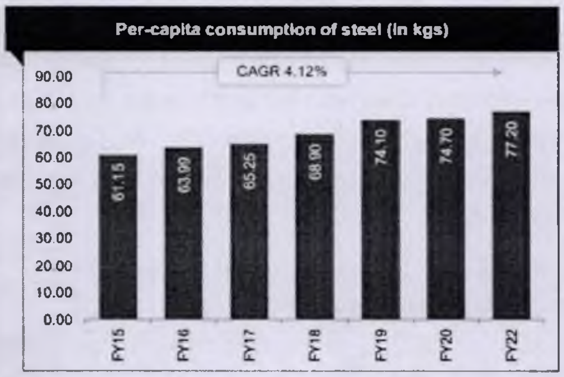
6.6. Demand & Supply of Finished Steel in last 5 years

Demand has outpaced supply over the last five years

IBEF



- In FY22 (Until November 2022) the consumption of finished steel stood at 75.34MT.
- In January 2022, India's finished steel consumption stood at 9.65 MT. The National Steel Policy aims to increase per capita steel consumption to 160 kgs by 2030-31.
- It is expected that consumption per capita would increase, supported by rapid growth in the industrial sector and rising infra expenditure projects in railways, roads and highways, etc.
- The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

7. APPROACH TO VALUATION

Business Valuation of an Enterprise or its Equity Shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay goodwill/ value for ready production facilities which saves gestation period. This exercise may be carried out based on the generally accepted methodologies, the relative emphasis of each often varying with the factors such as;

- Specific nature of the business
- Listing and liquidity of the Equity
- Economic life cycle in which the industry or the company Is operating and
- Extent to which rind comparable company information is available

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and commonly in vogue.

International Valuation Standard 2022 provides for following approaches to Valuation:

1. **Cost Approach**
2. **Income Approach**
3. **Market Approach**

7.1. Cost Approach

The Cost Approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

7.1.1.Net Asset Value Method.

The NAV Method under Cost Approach considers the assets and liabilities, including intangible assets and contingent liabilities at their respective fair values. The Net Assets, after reducing the dues to the preference shareholders, if any, represent the value of a company.

The NAV Method is appropriate in a case wherein the main strength of the business lies in its asset backing rather than its capacity or potential to earn profits. This valuation approach is also used in case where the firm is to be liquidated i.e., it does not meet the “going concern” criteria.

As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time. Additionally, net asset value does not consider the exact earning capacity of the business or any intangible assets that has zero historical cost. In many aspects, net asset value represents the minimum benchmark value of an operating business.

In the present case, CSIL & MIFL being operating companies deriving value from its underlying cashflows, hence we have not considered NAV method for this fair valuation exercise.

7.2. Income Approach

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow ("DCF") Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

7.2.1. Discounted Cash Flow ("DCF") Method

Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method ("FCFF") or Free Cash Flow to Equity Method ("FCFE"). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows to equity shareholders represent the cash available for distribution to them after payment made to the creditors and lenders of the business. Under the FCFE approach, the free cash flows attributable to equity shareholders in the explicit forecast period and those in perpetuity are discounted by the Cost of Equity ("Ke") to arrive at Equity Value. The Ke is based on the Capital Asset Pricing Model ("CAPM").

Under the FCFF approach, the free cash flows attributable to the firm in the explicit forecast period and those in perpetuity are discounted by the Weighted Average Cost of Capital ("WACC") to arrive at Enterprise Value.

The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the explicit forecast period.

The discounting factor (rate of discounting the future cash flows, i.e., Ke or WACC) reflects not only the time value of money, but also the risk associated with the business' future operations, including the applicable tax implications. Under the FCFE approach, the equity value is aggregate of the present value of explicit forecast period, terminal period cash flows so derived and fair value of surplus assets/contingent liabilities, if any. Under the FCFF approach, the Enterprise Value arrived as an aggregate of the present value of explicit forecast period and terminal period cash flows is adjusted for the net outstanding debt and fair value of surplus assets/contingent liabilities, if any to arrive at equity value.

CSIL & MIFL are the operating companies and derive value from their operations. Since DCF captures the future prospects of the Companies, DCF method has been used.

7.3. Market Approach

Under the Market Approach, the valuation is based on the market value of the listed company, and comparable companies trading or transaction multiples. The Market Approach generally reflects the investors' perception about the true worth of the company.

7.3.1. Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

In the present case equity shares of MIFL are not listed and thereby they do not possess an independent market price. Hence, the market price method cannot be applied in current valuation exercise of MIFL.

Further, CSIL is a company listed on Calcutta Stock Exchange thereby provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 is applicable ("**SEBI ICDR**").

As per the provision of the SEBI (ICDR) Regulations 2018, there is a Regulation 164 which deal with the pricing of Frequently traded Shares and Regulations 165 that deals with the pricing of Infrequently traded Shares.

Regulation 164 - Pricing in case of frequently traded shares: not less than the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date

Regulation 165 - Pricing in case of infrequently traded shares: The pricing in case of infrequently traded shares as per regulation 165 of the ICDR Regulation is determined by the issuer considering valuation parameters such as book value, comparable trading multiples, and other such customary parameters for valuation, and such valuation is required to be certified by independent valuer.
As per our observations of the trading data of the Company, its observed that equity shares of CSIL are listed on CSE and there has been no trading in equity shares of CSIL on CSE since 30th

August 2005, hence provisions of Regulation 164 of SEBI ICDR is not applicable and Regulation 165 of SEBI ICDR is applicable in the current valuation exercise.

Therefore, the valuation of CSIL has been conducted in accordance with Regulation 165 considering the valuation parameters such as book value, comparable trading multiples, and other such customary parameters for valuation.

7.3.2. Comparable Companies Multiples ("CCM") Method

The value is determined on the basis of multiples derived from valuations of comparable companies, as manifested in the 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 including inherent intangible assets and contingent liabilities, which is reflected in stock prices. Accordingly impacts of the same are not factored in separately. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few such multiples are Price to Book Value (P / BV) Multiple, Price to Sales (P/S) Multiple, Price to Earnings (P/E) multiple etc.

On account of availability of comparable companies of CSIL, we have considered CCM method for present valuation exercise of CSIL.
Since, MIFL is not operating at optimum production levels, hence we have not come across any comparable companies of MIFL. Therefore, we have not considered CCM method for the fair valuation of equity shares of MIFL.

7.3.3. Comparable Transactions Multiples ("CTM") Method

Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are Enterprise Value ("EV") / Earnings before Interest, Taxes, Depreciation & Amortization ("EBITDA") multiple, EV / Revenue multiple and EV / AUM, etc.

This method has not been used in current valuation of CSIL since there is no recent comparable transaction in the industry in which CSIL operates whose information is available in public domain.

Further, we have used CTM method for the valuation of MIFL considering the amount paid by Samriddhi Metals Pvt Ltd for the acquisition of 100% equity shares of MIFL in FY 21 and further adjustments w.r.t. the infusion of funds by the promoters by virtue of rights issue and losses incurred by the company in FY 21-22 & FY 22-23.

8. EQUITY VALUATION OF CSIL

8.1. Valuation under Discounted Cash-Flow Method

Equity Value has been arrived under Discounted Cash Flow (DCF) Method by discounting the estimated future free cash flow available with the equity shareholders by Cost of Equity (Ke). Following are the main factors for arriving at the Equity Value of the Company under DCF method.

a. Basis of Projected Free Cash Flow

- For the purpose of arriving at the valuation, the Estimations have been done based on the financial projections as provided by the company, application of our understanding about the potentiality based on existing available manufacturing facility as well as market opportunity and historical performance.
- To arrive at Free Cash Flow with the equity shareholder, the projected EBIDTA is adjusted with change in working capital, change in borrowings, interest payment, tax & CAPEX.

b. Cash Flow period

For the purpose of valuation, we have considered estimated free cash flow from FY 2023-24 to 2027-28 and for the rest period application of terminal value has been done assuming operation of the company will be continued as a 'Going Concern Basis.'

c. Cost of Equity (Ke)

Below is the formula for the cost of equity:

Ke = Rf + β × (Rm – Rf) + Alpha

Where:

Rf	=	the risk-free rate (typically the 10-year Govt bond yield)
β	=	equity beta (levered)
Rm	=	annual return of the market
Alpha	=	Company Specific Risk Premium

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d. Computation of WACC:

Item	Rate	Remarks
Risk free Return	7.315%	10-year Government Bond rate as on 31st March 2023
Market Return	12.07%	Total Return of NSE Nifty Metal Index since its inception
Average Beta	1.24	Beta of NSE Nifty Metal Index in relation to Nifty 50 index since inception NSE Nifty Metal Index
Cost of Equity	**13.21%**	
Addl. Risk factor	1.25%	Considering that CSIL has a history of 7%-8% EBITDA Margin since FY19 to FY 22 wherein the company achieved an highest ever EBITDA margin of 12% in FY 2023 and it projects a EBITDA margin of 16-17% in the projected period. Hence, we have considered it appropriate to consider a additional risk premium of 1.25% over the cost of equity
Revised Cost of Equity	**14.46%**	

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e. **DCF computation of CSIL is herein given below:**

Rs. in Crs

	FY 24	FY 25	FY 26	FY 27	FY 28
Revenue from Operations (A)	**543**	**601**	**603**	**603**	**603**
YoY Growth		*10.60%*	*0.39%*	*0.02%*	*0.00%*
Total Expenses (B)	**464**	**515**	**518**	**518**	**518**
EBIDTA (A-B)	**79**	**86**	**85**	**85**	**85**
EBITDA Margin	*14.62%*	*14.26%*	*14.15%*	*14.05%*	*14.05%*
Less: Interest	0.50	-	-	-	-
Less: Change in Working Capital	37	17	6	1	1
Less: TAX@25.17%	19	21	21	21	21
Less: Change in Borrowings	18	2	2	-	-
Add: Proceeds from Right issue of Shares	21	-	-	-	-
Free Cash Flow to Equity	**26**	**47**	**57**	**64**	**64**
Cost of Equity	14.46%	14.46%	14.46%	14.46%	14.46%
Cash Accrual Factor	0.50	1.50	2.50	3.50	4.50
Discounting Factor	0.93	0.82	0.71	0.62	0.54
Present Value of FCFE	**24**	**38**	**41**	**40**	**35**
Calculation of Terminal Value					
Growth Rate assumed	2.00%				
Terminal Value of FCFE	520				
Present Value of Terminal Value	**283**				
Add: Present Value of FCFE	**177**				
Add: Cash & Cash Equivalent	25				
Less: Fair Value of Contingent Liability	0.5				
Equity Value	**485**				
Total No of Equity Share	**3.16**				
Fair Value per Equity Share	**153.60**				

Note 1: Tax Payment: We have considered a tax payment of @25.17% being the tax rate applicable on CSIL. Further to arrive at the taxable income, we have reduced the tax depreciation and amortisation and added the book depreciation and amortisation with the book profit before tax.

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Note 2: Cash & Cash Equivalents as on 31st March 2023:

#	Particulars	Rs. in Crs
1	Current Account Balances	4.60
2	Cash in Hand	0.13
3	Bank Deposits with maturity up-to 12 months	20.39
	Cash & Cash Equivalents as on 31st March 2023	**25.13**

Note 3: Increase in steel & metal prices We understand that prices of steel and metals are volatile in nature and are market driven based on demand and supply. Further, CSIL passes on the increase in cost of raw material to its customers. Hence we have considered a constant rate for steel products sold by CSIL and metals to be bought in by CSIL in the projected period.

Note 4: Calculation of Terminal Value

Terminal Value: [(F1 X (1+G)]/ (Cost of Equity-G)]; Here, F1 = Rs. 64 Crs

G = Terminal Growth rate = 2.00%, Weighted Average Cost of Capital = 14.46%;

Terminal Value = Rs. 520 Crs *[Rs. 64 Crs * (1+2.00%)/ (14.46%-2.00%)]*

Present value of Terminal value = **Rs. 283 Crs** *(Rs. 520 Crs * 0.54)*

Note 5: Contingent Liabilities as on 31st March 2023:

Rs. in Crs

#	Particulars	Liability	Probability of crystallization	Probable liability
1	Indirect Tax related demand	0.64	50%	0.32
2	Income Tax related demand	0.43	50%	0.22
	Total	**1.07**		**0.54**

RESOLUTE VALUERS & CONSULTANTS PRIVATE LIMITED

8.2. Valuation under Comparable Company Multiple (CCM) Method

Computation of Equity Value of CSIL using Enterprise Value/EBITDA trading multiple of Comparable Companies of CSIL

INR in Crs

#	Company	Market Capital	Debt	Cash & Cash Eq.	Enterprise Value	EBITDA	EV/EBITDA Multiple
1	Kalyani Steels Limited	1,747	506	749	1,477	246	6.12x
2	Prakash Industries Ltd	1,589	599	298	1,843	413	4.58x
3	Gallantt Ispat Ltd.	2,106	538	11	2,303	367	7.17x
4	Kamdhenu Limited	823	4	12	828	60	13.58x
5	Supershakti Metaliks Ltd.	576	10	18	568	50	11.37x
	Average EV/EBITDA Multiple						**8.56x**
	Less: Discount						10%
	Adjusted EV/EBITDA multiple (A)						**7.71x**
	EBITDA of CSIL for FY 22-23 (Rs. in Crs) (B)						₹ 62 Cr
	Enterprise Value of Chandi Steel (A*B) = (C)						**₹ 477 Cr**
	Less: Debt of CSIL as on 31st March 2023 (D)						₹ 21 Cr
	Add: Cash & Cash Equivalent (E)						₹25 Cr
	Less: Contingent Liabilities (F)						₹ 0.54 Cr
	Equity Value (G) = (C)-(D)+(E)-(F)						**₹ 481 Cr**
	Total No of Equity Share (H)						**3.16 Cr**
	Value per Equity Share (G/H)						**₹ 152.22**

Source: Capital IQ as on 21st July 2023

8.3. Fair Valuation for equity shares of CSIL

Method	Weight	Value per equity share
Income Approach - DCF Method	50.00%	153.60
Market Approach - CCM Method	50.00%	152.22
Fair Value of equity share of CSIL	**100.00%**	**152.91**

We have considered appropriate to give 50% weightage to value under DCF method and 50% weightage to CCM method since CSIL & its peer companies are companies operating at their substantial capacity utilisation.

RESOLUTE VALUERS & CONSULTANTS PRIVATE LIMITED

9. EQUITY VALUATION OF MIFL

9.1. Valuation under Discounted Cash-Flow Method

Equity Value has been arrived under Discounted Cash Flow (DCF) Method by discounting the estimated future free cash flow available with the equity shareholders by Cost of Equity (Ke). Following are the main factors for arriving at the Equity Value of the Company under DCF method.

f. Basis of Projected Free Cash Flow

- For the purpose of arriving at the valuation, the Estimations have been done based on the financial projections as provided by the company, application of our understanding about the potentiality based on existing available manufacturing facility as well as market opportunity and historical performance.
- To arrive at Free Cash Flow with the equity shareholder, the projected EBIDTA is adjusted with change in working capital, change in borrowings, interest payment, tax & CAPEX.

g. Cash Flow period

For the purpose of valuation, we have considered estimated free cash flow from FY 2023-24 to 2027-28 and for the rest period application of terminal value has been done assuming operation of the company will be continued as a 'Going Concern Basis.'

h. Cost of Equity (Ke)

Below is the formula for the cost of equity:

Ke = Rf + β × (Rm – Rf) + Alpha

Where:

Rf = the risk-free rate (typically the 10-year Govt bond yield)

β = equity beta (levered)

Rm = annual return of the market

Alpha = Company Specific Risk Premium

i. **Computation of WACC:**

Item	Rate	Remarks
Risk free Return	7.315%	10-year Government Bond rate as on 31st March 2023
Market Return	12.07%	Total Return of NSE Nifty Metal Index since its inception
Average Beta	1.24	Beta of NSE Nifty Metal Index in relation to Nifty 50 index since inception NSE Nifty Metal Index
Cost of Equity	**13.21%**	
Addl. Risk factor	3.00%	Management of MIFL is projecting to turnaround MIFL from its current financial position and the projects to achieve 80% capacity utilisation from its current levels of 20%. Considering the risks associated with turnaround of MIFL, we have considered it appropriate to consider an additional risk premium of 3.00% over the normalised cost of equity.
Revised Cost of Equity	**16.21%**	

RESOLUTE VALUERS & CONSULTANTS PRIVATE LIMITED

j. DCF computation of MIFL is herein given below:

Rs. in Crs

	FY 24	FY 25	FY 26	FY 27	FY 28
Revenue from Operations (A)	**103**	**179**	**219**	**280**	**323**
YoY Growth		*74.55%*	*22.22%*	*28.22%*	*15.26%*
Total Expenses (B)	**98**	**169**	**205**	**263**	**301**
EBIDTA (A-B)	**5**	**10**	**14**	**17**	**22**
EBITDA Margin	*4.57%*	*5.63%*	*6.22%*	*6.02%*	*6.83%*
Less: Change in Working Capital	15	16	9	15	10
Less: TAX@25.17%	-	-	-	-	-
Less: Interest	7	9	9	10	11
Add: Increase in Borrowings	20	14	6	7	7
Free Cash Flow to Equity	**3**	**(1)**	**1**	**(2)**	**8**
Cost of Equity	16.21%	16.21%	16.21%	16.21%	16.21%
Cash Accrual Factor	0.50	1.50	2.50	3.50	4.50
Discounting Factor	0.93	0.80	0.69	0.59	0.51
Present Value of FCFE	**2**	**(1)**	**1**	**(1)**	**4**
Calculation of Terminal Value					
Growth Rate assumed	1.00%				
Terminal Value of FCFE	44				
Present Value of Terminal Value	**22**				
Add: Present Value of FCFE	**6**				
Add: Cash & Cash Equivalent	4.50				
Add: Present of Tax Benefit of UAD & Losses in Terminal period	5				
Equity Value	**37**				
Total No of Equity Share	**0.13**				
Fair Value per Equity Share	**296.73**				

Note 1: Tax Payment: MIFL has no tax payement in the explicit period, on account of availability of tax losses and unabsorbed depreciation to the tune of ~Rs. 176 Crs as on 31st March 2023.

We have considered a tax payment of @25.17% being the tax rate applicable on MIFL in the terminal period. Further to arrive at the taxable income, in the terminal period, we have reduced the tax depreciation and amortisation and added the book depreciation and amortisation with the book profit before tax for FY 28.

Further, the present value of tax benefit on account of tax losses and unabsorded depreciation as remaining at the end of the 31st March 2028 have been separately calculated and added to arrive at the equity value of MIFL.

Note 2: Cash & Cash Equivalents as on 31st March 2023:

#	Particulars	Rs. in Crs
1	Current Account Balances	0.39
2	Cash in Hand	0.08
3	Security Deposits	1.74
4	Fixed Deposits with banks with maturity more than 12 months	2.15
5	Accrued interest on fixed deposits	0.14
	Cash & Cash Equivalents as on 31st March 2023	**4.50**

Note 3: Calculation of Terminal Value

Terminal Value: [(F1 X (1+G)]/ (Cost of Equity-G)]; Here, F1 = Rs. 8 Crs
G = Terminal Growth rate = 2.00%, Weighted Average Cost of Capital = 16.21%;
Terminal Value = Rs. 44 Crs *[Rs. 8 Crs – (Rs. 6 Crs * 25.17%)] * (1+1.00%)/ (16.21%-1.00%)]*
Present value of Terminal value = **Rs. 22 Crs** *(Rs. 44 Crs * 0.51)*

Note 4: Increase in steel & metal prices We understand that prices of steel and metals are volatile in nature and are market driven based on demand and supply. Further, MIFL passes on the increase in cost of raw material to its customers. Hence we have considered a constant rate for steel products sold by MIFL and metals to be bought in by MIFL in the projected period.

9.2. Valuation under Comparable Transaction Multiple Method

In terms of order issued by Kolkata bench of NCLT dated 21st September 2021 w.r.t. approval of resolution plan for MIFL by Samriddhi Metals Pvt Ltd, Samriddhi Metals Pvt Ltd acquired MIFL for a total consideration of Rs. 57.05 Crs (including infusion of Rs. 21 Crs in MIFL for working capital/capex purposes).

Further in FY 21-22, vide the said court order the existing equity shares of MIFL was cancelled and 10,00,000 new equity shares of face value of Rs. 10 each were issued to Samriddhi Metals Pvt. Ltd for an equity capital infusion of Rs. 1 Cr in MIFL. As stated in the financial plan dated 16th January 2021, the said capital infusion is a part of total consideration of Rs 57.05 Crs.

Further, MIFL issued 2,50,000 equity shares by way of rights issue and raised Rs. 25 lakhs in FY 22-23.

Post-acquisition and resumption of operations, MIFL has incurred a cash loss of Rs. 20.41 Crs during FY 21-22 and FY 22-23.

Computation of value per equity share of MIFL

#	Particulars	Amount
1	Consideration paid for acquisition of equity shares of MIFL	Rs. 57.05 Crs
	Add: Capital raised by MIFL by way of rights issue in FY 22-23	Rs. 0.25 Crs
	Less: Cash losses incurred by MIFL in FY 21-22 & FY 22-23	Rs. 20.41 Crs
	Equity Value of MIFL as on 31st March 2023	**Rs. 36.89 Crs**
2	No of equity shares issued by MIFL	0.125 Crs
3	**Value Per Equity Share (1/2)**	**Rs. 295.15**

9.3. Fair Valuation for equity shares of MIFL

Method	Weight	Value per equity share
Income Approach - DCF Method	75.00%	296.73
Market Approach - CTM Method	25.00%	295.15
Fair Value of equity share of MIFL	**100.00%**	**296.33**

We have considered appropriate to give 75% weightage to value under DCF method and 25% weightage to CTM method due to following reasons:

- Post successful Insolvency Resolution, MIFL is undergoing turnaround process.
- The Company is currently operating at a mere 20% capacity utilisation and hence there are considerable legroom for unlocking the future business value potentials.

- MIFL has significant opportunities in terms of scaling up its business performance in future and generate profits in future.

Due to aforesaid factors, we have given higher weightage to DCF based Income Approach valuation in comparison to Comparable Market Approach based valuation which has relatively greater linkage to the historical performance of the Company.

10. Valuation Summary

The basis of the amalgamation of MIFL with CSIL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair share exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / method.

The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations

Summary of the valuation of CSIL & MIFL determined under different valuation methodologies is as under:

Valuation Approach	Chandi Steel Industries Ltd		Mackeil Ispat & Forging Ltd	
	Weight	Value per Share (INR)	Weight	Value per Share (INR)
Asset Approach	-	-	-	-
Income Approach - Discounted Cash Flow Method	50%	153.60	75%	296.73
Market Approach - Market Price Method	-	-	-	-
Market Approach - Comparable Company Multiple Method	50%	152.22	-	-
Market Approach - Comparable Transaction Multiple Method	-	-	25%	295.15
Relative Value per share	**100%**	**152.91**	**100%**	**296.33**
Exchange Ratio (Rounded off)				**1.94**

On the basis of the foregoing, in our opinion, value of each equity shares of CSIL & MIFL as on the days of this report is **INR 152.91** and **INR 296.33** respectively considering the rights issue of equity share undertaken by CSIL in Quarter 1 of FY 24.

Hence, in light of the above we recommend **Share Exchange Ratio of 1.94 :1.** Therefore, based on our recommendation equity shareholders of MIFL shall receive 194 equity shares of INR 10 each of CSIL for every 100 equity shares of MIFL of INR 10 each.

Date: 31st July 2023

Kolkata

For Resolute Valuers & Consultants Pvt. Ltd.

Director

Mr. Debasis Bhattacharya

IBBI/RV/03/2019/12566

CHANDI STEEL INDUSTRIES LIMITED

To
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir, Madam,

Sub: Application under Regulation 37 and Regulation 59A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Amalgamation of Mackeil Ispat & Forging Limited ('Transferor Company') into and with Chandi Steel Industries Limited ('Transferee Company').

In connection with the above application, we hereby confirm that:

a. 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 as per the Valuation Report dated July 31, 2023, issued by Resolute Valuers & Consultants Private Limited, Registered Valuer Registration No. IBBI/RV-E/01/2019/111.

b. There are no past defaults of listed debt obligations of the entities forming part of the scheme.

c. Chandi Steel Industries Limited or any of its Promoters or Directors are not wilful defaulters.

Thanking you.

Yours faithfully
For Chandi Steel Industries Limited

Seema Chowdhury

CHANDI STEEL INDUSTRIES LTD.

Seema Chowdhury
Company Secretary & Compliance Officer

Date: 10.08.2023
Place: Kolkata

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