

Annexure B



STRICTLY PRIVATE & CONFIDENTIAL

October 17, 2013

To, The Board of Directors VISA Steel Limited 8/10 Alipore Road, Kolkata, West Bengal 700 027	To, The Board of Directors VISA Special Steel Limited VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015
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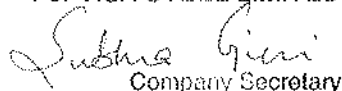
Sub: Fairness Opinion in connection with the proposed transfer of Special Steel undertaking of VISA Steel Limited (VSL) into VISA Special Steel Limited (VSSL) under a Scheme of Arrangement between VSL and VSSL and their respective shareholders and creditors u/s 391 to 394 of the Companies Act 1956. ("Scheme")

Dear Sir(s),

We refer to our engagement letter dated 24 September, 2013 wherein VISA Steel Limited ('VSL') has requested Dalmia Securities Private Limited ('us/DSPL') to provide a fairness opinion in terms of clause 24(h) of the listing agreement on the proposed Scheme of arrangement which provide the transfer of Special Steel undertaking of VSL into VSSL on a going concern basis in terms of provisions of section 391 to 394 of the Companies Act 1956 (the Act) and other applicable provisions of the Act , and /or rules/regulation made there under.

CERTIFIED TO BE TRUE

For VISA STEEL LIMITED


Company Secretary



Khetan Bhavan Room No.17 2nd Floor 198 Janshedji Tata Road Mumbai 400020 P 91 22 3027 2810-13 F 91 22 3027 2820 www.dalmiasec.com

SEBI Regn Nos NSE INB230645339 F&O INF230645339 Code 06453 • BSE INB010684638 F&O INF010684638 Code 530

NSDL IN300222 • CDSL I4500 • ARN 0284

1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

- 1.1 VSL is a public limited company incorporated under the provisions of the Companies Act, 1956 on 10 September, 1996, having its registered office at 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015. VSL is engaged in the business of manufacturing of Special Steel and Ferro Chrome. Shares of VSL are listed on the BSE Limited and National Stock Exchange of India Limited.
- 1.2 VSSL is a Public Limited Company incorporated under the provisions of the Companies Act, 1956 on 27 July 2012, having its registered office at VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015. VSSL is a wholly owned subsidiary of Kalinganagar Special Steel Private Limited ("KSSPL"). KSSPL is a wholly owned subsidiary of VSL and hence under Section 4 (1)(c) of the Act, VSSL is a wholly owned subsidiary of VSL.
- 1.3 We have been informed that it is proposed to transfer the Special Steel undertaking of VSL to VSSL on a going concern basis with effect from 1 April 2013 (hereinafter referred to as 'Appointed Date') pursuant to the Scheme under section 391-394 of the Act. The Scheme would need approval from the jurisdictional High Courts and other regulatory authorities, etc as applicable.
- 1.4 We have been informed that Scheme has been approved by the Board of Directors of VSL and VSSL at their respective meetings held on 12 August 2013.
- 1.5 Upon perusal of the draft Scheme, we understand that VSL will transfer its Special Steel undertaking to VSSL without consideration. VSSL is a wholly owned subsidiary of KSSPL. KSSPL is a wholly owned subsidiary of VSL. In terms of section 4 (1) (c) of the Act, VSSL is a wholly owned subsidiary of VSL.
- 1.6 In this regard, M/s. Rajesh Choudhary & Associates were appointed by VSL to independently furnish the book value of asset and liabilities of its Special Steel undertaking in connection with the proposed transfer of Special Steel undertaking of VSL to VSSL under the Scheme.



2. SCOPE OF ENGAGEMENT

2.1 VSL has appointed us, to provide a fairness opinion in terms of clause 24(h) of the listing agreement in connection with the proposed transfer of Special Steel undertaking of VSL to VSSL, as per the requirement of SEBI Circular CIR/CFD/DIL/5/2013 dated February 4, 2013, and CIR/CFD/DIL/8/2013 dated 21 May 2013

3. SOURCES OF INFORMATION

3.1 For the purpose of this exercise, we have relied upon the following documents:

- Draft Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, with regard to the proposed transfer.
- Details of assets and liabilities pertaining to Special Steel undertaking as certified by the management of VSL as on 31 March 2013
- Copy of Memorandum and Article of Association of VSL and VSSL
- Certificate dated 20 September, 2013 for statement of assets and liabilities as on 31 March, 2013 of the Special Steel undertaking proposed to be transferred by VSL to VSSL, furnished by M/s Rajesh Choudhary & Associates.
- Such other information and explanations, whether verbal or otherwise made, as we have required and which have been provided by the management of the companies and by M/s Rajesh Choudhary & Associates.



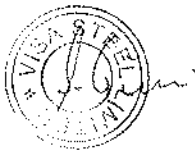
4. KEY FACTS FROM THE SCHEME

- 4.1 Based on information provided by the management of the entities forming part of the arrangement and after analyzing the Scheme, we understand that VSL will transfer its Special Steel undertaking to VSSL without consideration. The Scheme is intended to transfer the Special Steel undertaking of VSL with a view to evolve a structure for more effective concentration and focused attention in the business of special steel and does not involve any movement of assets or liabilities to any company outside the group controlled by VSL. There is also no change in the promoter and public shareholding pattern of VSL.
- 4.2 Upon the Scheme being effective, VSSL shall record the assets and liabilities forming part of the Special Steel undertaking vested in it at their respective fair values. The difference between the fair value of assets and fair value of liabilities of the Special Steel undertaking of VSL shall be adjusted to the General Reserve account / Goodwill account as the case may be.

5. EXCLUSIONS AND LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter.

- 5.1 The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 5.2 In the course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, we have been given to understand by the managements of the companies that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever



for any errors in the above information furnished by the companies and their impact on the present exercise.

- 5.3 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 5.4 Our work does not constitute an audit, due diligence or verification of historical financials including the working results of the Companies or their business referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 5.5 We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We do not express and should not be deemed to have expressed any views on any other term of the proposed Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of VSL will trade following the announcement of the proposed Scheme or as to the financial performance of VSL following the consummation of the proposed Scheme.
- 5.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 5.7 No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of this fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for purpose of this report.

Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the

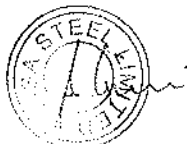


companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed merger, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

- 5.8 This report has been issued for the sole purpose to facilitate the Company to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.

6. OPINION & CONCLUSION

With reference to above and based on information provided by the management of the entities forming part of the arrangement and after analyzing the Scheme of arrangement, we understand that the present Scheme has been intended to transfer the Special Steel undertaking of VSL with a view to evolve a structure for more effective concentration and focused attention in the business of special steel. The Scheme on an overall basis is serving the purpose of transfer of the Special Steel Undertaking of VSL is carried into its wholly owned subsidiary. In the above cases valuation is not undertaken as these are occurring within the Holding Company and wholly owned subsidiary and it does not involve any movement of assets or liabilities outside the group. There is also no change in the promoter and public shareholding pattern of the public listed Company i.e., VSL.




In light of the forgoing and subject to the caveats as detailed hereinbefore, we as a Merchant Banker hereby certify that, in our opinion the proposed transfer of Special Steel undertaking of VSL into VSSL under the Scheme of arrangement without any consideration is fair and reasonable.

Thanking you,

Yours faithfully,

For Dalmia Securities Private Limited



S Jeyakumar

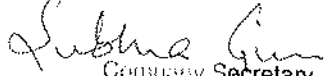
COO-Head Investment Banking

Place: Mumbai

SEBI Registration no. INM 000011476

CERTIFIED TO BE TRUE

For VISA STEEL LIMITED



Subha Guni
Company Secretary

