



Category I Merchant Banker
SEBI Regn No. INM000012169

CIN: U65923WB2010PTC156220
Website: www.imoney.co.in

Fairness Opinion

Scheme of Amalgamation of

Visa Bao Limited
(Transferor Company)

With

Visa Steel Limited
(Transferee Company)

and its respective shareholders and creditors under
Section 391 and 394 of the Companies Act, 1956

To,

The Board of Directors
Visa Steel Limited
VISA House, 8/10,
Alipore Road,
Kolkata – 700027

The Board of Directors
Visa Bao Limited
VISA House, 11,
Ekamra Kanan, Nayapalli,
Bhubaneswar – 751015

Dear Sirs,

Re: 'Fairness Opinion' on proposed Amalgamation of Visa Bao Limited, with its holding company, Visa Steel Limited

We, Intelligent Money Managers Private Limited (hereinafter "IMMPL"), refer to our earlier discussions on the captioned matter of providing Fairness Opinion Certificate to yourselves in connection with the Amalgamation of Visa Bao Limited (hereinafter "Transferor Company"), with its holding company, Visa Steel Limited (hereinafter "Transferee Company")

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for VISA STEEL LIMITED


Company Secretary



1. PURPOSE

This Fairness Opinion Certificate has been issued to comply with Clause 24(h) of the Listing Agreement and SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013.

2. MERCHANT BANKER: INTELLIGENT MONEY MANAGERS PRIVATE LIMITED (IMMPL)

IMMPL is a Category 1 Merchant Banker bearing SEBI Registration Number INM000012169. Its Registered Office is situated at Room No. 501, 5th Floor, Narayani Building, 27, Brabourne Road, Kolkata - 700 001.

3. RATIONALE OF THE SCHEME

- a. The Scheme of Amalgamation provides for the amalgamation of Visa Bao Limited (Transferor Company) with Visa Steel Limited (Transferee Company) pursuant to Sections 391 to 394 of the Companies Act, 1956.

As on 31st March, 2015, 65% of the issued, subscribed and paid up share capital of the Transferor Company are held by the Transferee Company and 35% of issued, subscribed and paid up share capital of the Transferor Company are held by the Bao steel Resources Co. Limited, a company incorporated in China. Bao Steel Resources Co. Limited is now contemplating disposal of its entire 35% shareholding in Visa Bao Limited in favour of Visa Steel Limited. The obligations in respect of shares of Visa Bao Limited to be acquired by Visa Steel Limited will be discharged by issue of shares of Visa Steel Limited of equivalent value to Bao Steel Resources Co. Limited. Equity Shares of Visa Steel Limited is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). VSL's shares are frequently traded through the stock exchanges. On the other hand, shares of VBL are closely held as stated above and are not yet listed on any stock exchange. The holding company (Transferee Company) would like to integrate and consolidate its subsidiary. The circumstances that necessitate or justify the proposed Scheme of Amalgamation for its benefits are summarized as under:

- i. The scheme envisages the amalgamation of Visa Bao Limited into Visa Steel Limited, resulting in consolidation of the business of two companies in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the business, which is in the best interest of both companies and their shareholders.
- ii. VSL is presently operating a 50,000 TPA Ferro Chrome Plant and a 75 MW Captive Power Plant (CPP) with infrastructure to scale up to 120,000 TPA Ferro Chrome. VSL has also been granted Prospecting License for two Chrome Ore mines in Manipur.

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Company Secretary

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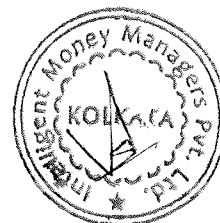
- iii. VBL is setting up a 100,000 TPA Ferro Chrome Plant with four Submerged Arc Furnaces at Kalinganagar Industrial Complex in Odisha. The two furnaces were commissioned in the month of June 2013 and the remaining two furnaces are expected to be commissioned in phases during the financial year 2015 - 16 and 2016 - 17.
- iv. The Ferro Chrome Business of VSL includes production of High Carbon Ferro Chrome and generation of power for captive use. Production of High Carbon Ferro Chrome is affected due to inadequate availability and high price of Chrome Ore & Concentrates. The power plant is presently not operating at its full capacity as the generation is impacted due to non-availability of gas from Blast Furnace and inadequate availability of waste heat from Coke Oven & DRI Plant.
- v. In order to have a sustainable growth, it is necessary for any Ferro Chrome producer to have captive Chrome Ore mine or a captive power plant, if not both. Hence, with a view to achieve competitive advantage, to ensure availability of Chrome Ore and concentrates and to optimize the utilization of the power plant capacity it is intended to consolidate the Chrome Business of VSL and VBL by amalgamating VBL with VSL.
- vi. The amalgamation aims to achieve consolidation, integration and thereby greater financial strength which are ultimately aimed at maximizing shareholders value. The merged entity is likely to achieve higher ability to garner funds for the long term and consequently achieve stable long-term financial returns for the merged entity. Besides achieving increased financial strength, the merged entity can reap benefits of cost reduction and efficiencies of operation.
- vii. The amalgamation will provide opportunities for pooling of managerial, technical and financial resources helping the merged entity achieve competitiveness.
- viii. The Amalgamation will enable exploring economy of scale and reduction in various costs and optimal utilization of resources.
- ix. The Amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by Transferor Company and the Transferee Company.

4. PRE AND POST SHAREHOLDING PATTERN OF THE TRANSFEREE COMPANY AS ON APRIL 1, 2015 (APPOINTED DATE)

Visa Steel Limited is holding 65% of the issued, subscribed and paid up share capital of the Visa Bao Limited. 57,89,500 fully paid up Equity Shares of Rs. 10 each of Transferee Company shall be issued and allotted to the Bao Steel Resources Co. Limited for their entire holding in the Transferor Company.

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For VISA STEEL LIMITED


Company Secretary



The investments in the equity share capital of Transferor Company as appearing in the books of accounts of Transferee Company shall stand cancelled. No shares of the Transferee Company shall be allotted in lieu or exchange of its holding in the Transferor Company.

Particulars	Pre		Post	
	No. of Shares	Percentage Holdings (%)	No. of Shares	Percentage Holdings (%)
Promoter and Promoter Group	8,25,00,000	75.00	8,25,00,000	71.25
Public	2,75,00,000	25.00	3,32,89,500	28.75
Total	11,00,00,000	100.00	11,57,89,500	100.00

5. SOURCES OF INFORMATION

- A Copy of Memorandum and Articles of Association of Transferor company and Transferee company;
- A certified true copy of draft scheme of Amalgamation;
- Audited Financial Statements of Transferor company for the last three financial years i.e. as at 31st March, 2013 and 31st March, 2014 and 31st March 2015;
- Audited Financial Statements of Transferee Company for the last three financial years i.e. as at 31st March, 2013 and 31st March, 2014 and 31st March 2015;
- Pre and Post Amalgamation Shareholding pattern of the Transferee Company;
- Valuation Report of M/s. Rajesh Choudhary & Associates, Independent Chartered Accountant.

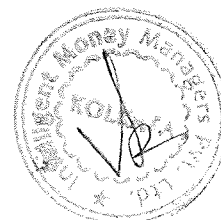
6. FAIRNESS OPINION

With reference to the above and based on information and explanation given to us by the management of Visa Steel Limited and Visa Bao Limited and perusal of the draft scheme of Amalgamation, we understand that since, the transferor company is subsidiary of the Transferee company, the shares of Visa Bao Limited held by Visa Steel Limited shall stand cancelled with no issuance of shares and 57,89,500 fully paid up Equity Shares of Rs. 10 each of Visa Steel Limited shall be issued and allotted to the Bao Steel Resources Co. Limited for their entire holding in the Transferor Company consequent to the proposed Amalgamation.

Subject to the observations below and based on the above information and valuation report we are of opinion that the proposed Amalgamation of the Transferor Company with Transferee Company as per the scheme of the Amalgamation is **fair and reasonable** to the equity shareholders of Visa Steel Limited.

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For VISA STEEL LIMITED

K. K. K. K.
Company Secretary



Valuer did not consider the soft cost (Interest during construction, pre-operative expenses and forex loss) pertaining to the Building and Plant & machineries of the company for the purpose of valuation. Consequently, Valuer also did not consider depreciation related to soft cost portion of the Building and Plant & machineries.

7. LIMITATIONS OF THE FAIRNESS OPINION

This Fairness Opinion does not include the following and / or the following are the limitations of this Fairness Opinion:

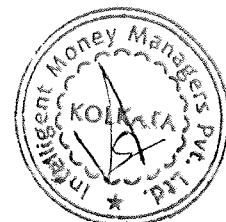
- Audit of the financial statements of the Transferor or Transferee Companies;
- Legal or compliance due diligence of the Transferor or Transferee Companies;
- Evaluation of adequacy or inadequacy of regulatory compliance requirements by the Transferor or Transferee Companies;
- Carrying out market survey / financial feasibility;
- Our fairness opinion is based on the information made available to us by the management of Transferor and Transferee Companies. Any subsequent changes to the financial and other information provided to us, may affect the result of the value analysis set out in this report;
- We have not carried out tests or audit to establish the accuracy of the financial statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Company;
- Our fairness opinion should not be construed as an investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction;
- In rendering this opinion, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we does not assume any responsibility in respect thereof. Further, we have assumed that the Scheme of Amalgamation will be implemented on the terms and conditions as set out in the draft Scheme of Amalgamation, without any material changes to or waiver of its terms and conditions;

We hereby declare that we do not have any direct or indirect material pecuniary relationship with the Transferor or Transferee Companies, except to the extent to professional fees agreed amongst us for this assignment of Fairness Opinion.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

Certified True Copy
For VISA STEEL LIMITED




Company Secretary



Limitation of Liability and Indemnity:

Notwithstanding anything contained elsewhere, our liability direct or indirect, whether arising in contract, tort or otherwise for any loss or damage arising out of or in connection with rendering this fairness opinion shall be limited to the amount of fees received for rendering this opinion. You shall indemnify and hold us harmless from any costs, damages or liability arising out of or in connection with this assignment.

For & on behalf of-
Intelligent Money Managers Private Limited



Amit Kumar Mishra
Assistant Vice President

Date: August 21st, 2015

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For VISA STEEL LIMITED



Company Secretary