SCAN STEELS LIMITED

APRIL 14, 2025

VALUATION OF EQUITY SHARES

MADHUMITA KARAR
Registered Valuer- SFA
IBBI/RV/06/2018/10341

MK/RV/2025-26/1002

14th April 2025

The Board of Directors
Scan Steels Limited
Office no. 104/105, E-Square Subhash Road,
Opposite - Havmore ice cream, Vile Parle,
Mumbai City, India – 400057

Dear Sir,

VALUATION OF EQUITY SHARES OF SCAN STEELS LIMITED

In terms of my engagement letter, valuation of equity shares of Scan Steels Limited **("the Company/SSL")** for the purpose of preferential allotment of Equity shares by the Company in accordance with Regulation 164 and 166A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 has been duly carried out.

The valuation report is intended solely for the use by the Addressee of the report and my recommendation is based on the events and circumstances prevailing as on 14th April 2025.

The valuation engagement has been performed and the valuation report has been prepared in conformity with the ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India (ICAI).

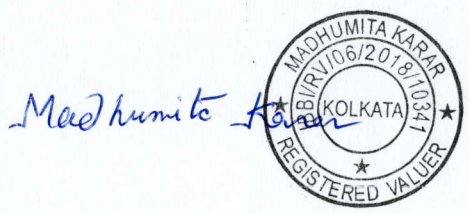
Analysis and recommendation should be understood in the context of assumptions and the statements made in this report.

A more detailed description of the quantitative and qualitative analyses and valuation conclusion is presented in the attached narrative valuation opinion report.

Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as on the valuation date, it is concluded that the fair value of one equity share of Scan Steels Limited of Rs. 10/- each as on 14th April 2025 is **Rs. 57.12/-** per equity share.

A detailed valuation report is appended herewith.

Yours faithfully,



Madhumita Karar
Registered Valuer- Securities or Financial Assets
IBBI/RV/06/2018/10341
UDIN: 25067844BMLFNV4032

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Executive Summary

Client Identity:	Scan Steels Limited is a Public Company incorporated on 18th January 1994 having Corporate Identification No. (CIN): L27209MH1994PLC076015 and registered address at Office no. 104/105, E-Square Subhash Road, Opposite - Havmore ice cream, Vile Parle, Mumbai City – 400057. The Company is listed on the Bombay Stock Exchange having Authorized capital of Rs. 86,50,00,000/-.
Business Activity:	Scan Steels Limited is primarily engaged in manufacturing of Iron & Steel products like MS Billets & TMT rods through secondary steel manufacturing route and over the years has improvised by using new technologies and processes to minimize the production cost and increase efficiencies.
Purpose of Valuation:	The purpose of valuation is determination of the fair value of the equity shares of the Company for preferential allotment of shares.
Base of Value:	Fair Value
Premise of Value:	Going Concern
Date of Valuation:	14th April 2025
Conclusion:	Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as of the valuation date, it is concluded that the fair value of one Equity Share of the Company of Rs. 10/- each as on 14th April 2025 is **Rs. 57.12/-**

Company Background

Introduction

Scan Steels Limited is a Public Company incorporated on 18th January 1994 having Corporate Identification No. (CIN): L27209MH1994PLC076015 and registered address at Office no. 104/105, E-Square Subhash Road, Opposite - Havmore ice cream, Vile Parle, Mumbai City – 400057. The Company is listed on the Bombay Stock Exchange having Authorized capital of Rs. 86,50,00,000/-.

Scan Steels Limited is a renowned name in the Iron and Steel Industry at Odisha, backed by 28 years of experience in steel manufacturing using DRI method.

Shareholding pattern of Scan Steels Limited as on 14th April 2025.

Category	No of Shares	Percentage%
Promoters and Promoter Group (A)	2,85,74,156	48.76
Public (B)	3,00,28,139	51.24
Total (A) + (B)	**5,86,02,295**	**100.00**

Nature of Business

Scan Steels Limited is primarily engaged in manufacturing of Iron & Steel products like MS Billets & TMT rods through secondary steel manufacturing route and over the years has improvised by using new technologies and processes to minimize the production cost and increase efficiencies. The company is self-sufficient in almost all aspects of steel making mainly producing TMT rods used for construction activities across different sectors.

It has manufacturing facilities in three places in and around the industrial town of Rajgangpur, Odisha which is an integrated steel plant of One lakh tons of TMT manufacturing capacity having its own captive power plant with all other facilities like SMS & DRI units, required for steel making.

List of the Directors/Signatory of Scan Steels Limited as on 14th April 2025

S.NO	NAME	DESIGNATION	DIN/PAN
1	PUNIT KEDIA	Independent Director	07501851
2	KONIKA PODDAR	Independent Women Director	10435224
3	GAGAN JALAN	Independent Director	09523622
4	RAJESH GADODIA	Independent Director	00574465
5	ANKUR MADAAN	Whole – Time Director	07002199
6	PRAVEEN KUMAR PATRO	Whole – Time Director	02469361
7	KALYAN KIRAN MISHRA	CFO	-
8	PRABIR KUMAR DAS	Company Secretary	-

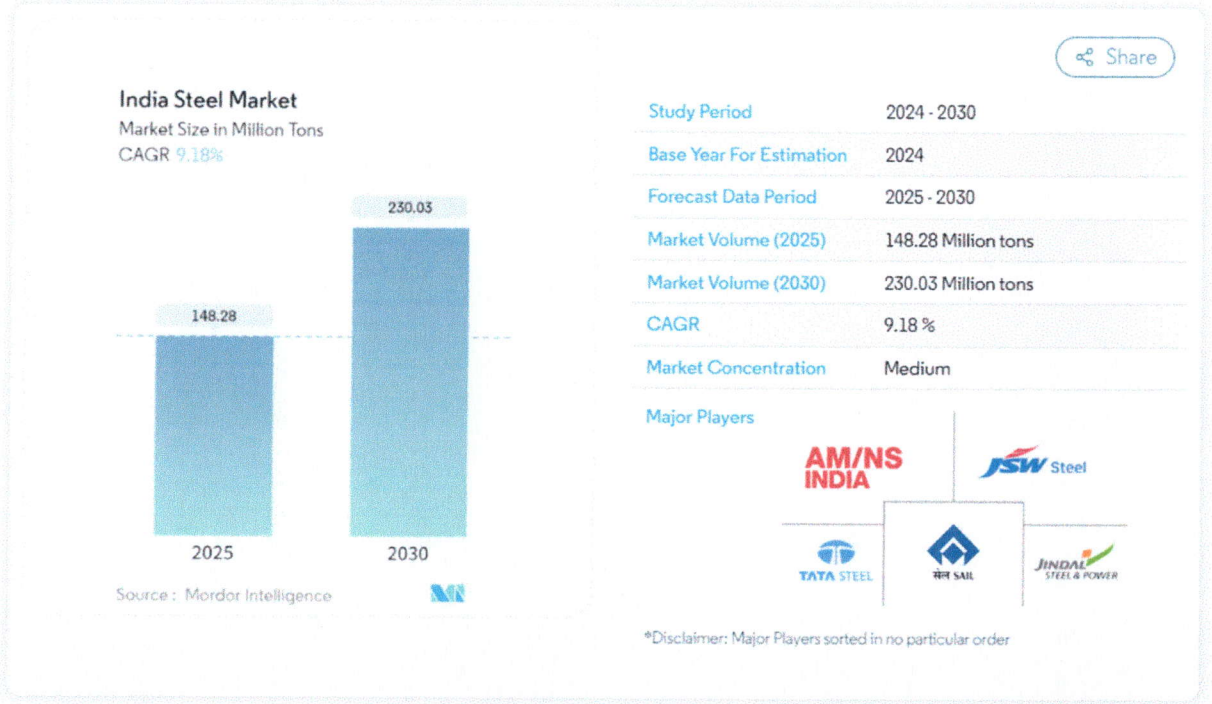
MADHUMITA KARAR IBBI/RV/06/2018/10341 KOLKATA REGISTERED VALUER

Industrial Analysis

INDUSTRY ANALYSIS BASED ON INDIAN MARKET

India Steel Market Report is Segmented by Form (basic Form (crude Steel), And Final Form (finished Steel)), Technology (Blast Furnace-Basic Oxygen Furnace (BF-BOF), Electric Arc Furnace, And Other Technologies), And End-User Industry (automotive and Transportation, Building and Construction, Tools and Machinery, Energy, Consumer Goods, And Other End-User Industry (oil and Gas Extraction Equipment, Furniture, Pipes, Barrels, Drums, Packaging, Semiconductors)). The Report Offers the Market Sizes and Forecasts Based on Volume in Million Tons.

India Steel Market Analysis



The India Steel Market size is estimated at 148.28 million tons in 2025, and is expected to reach 230.03 million tons by 2030, at a CAGR of 9.18% during the forecast period (2025-2030).

India has established itself as a global steel manufacturing powerhouse, currently holding the position of the world's second-largest producer of crude steel after surpassing Japan. The country's steel sector demonstrated robust production capabilities in FY23, achieving an annual output of 125.32 million tons of crude steel and 121.29 million tons of finished steel. The industry has also maintained a strong trade position, with net exports reaching 6.72 million tons against imports of 6.02 million tons in FY 2022-23, highlighting India's growing self-sufficiency and export capabilities in steel production.

The steel industry's landscape is experiencing significant consolidation and expansion through strategic acquisitions and investments. Notable developments include JSW Steel's acquisition of NSL Green Steel Recycling in September 2023, aimed at establishing a scrap shredder facility in Maharashtra to reduce carbon footprint. Similarly, Jindal Stainless Limited's acquisition of a 74% stake in Odisha-based Jindal United Steel Limited for INR 958 crore in July 2023 demonstrates the industry's focus on vertical integration and capacity expansion. These strategic moves are reshaping the competitive landscape and enhancing operational efficiencies.

Despite its strong position, the Indian steel industry faces several structural challenges that impact its global competitiveness. The country's per capita steel consumption stands at 86.6 kilograms, significantly below the global average of 228 kilograms in FY 2022-23, indicating substantial untapped domestic market potential. Additionally, the industry grapples with high logistics costs, with steel freight rates approximately 500% higher compared to countries like Australia, substantially impacting operational costs and international competitiveness.

The industry is witnessing a notable shift towards sustainable and efficient production methods. AM/NS India's approval for a USD 4.7 billion steel plant project in Odisha in January 2023 represents the industry's commitment to modernization and capacity expansion. The sector is increasingly focusing on technological advancements, particularly in areas such as green steel production and energy efficiency. This transformation is crucial given that approximately 50% of the Indian workforce remains in agricultural operations, presenting both a challenge and opportunity for industrial growth and skilled labor development.

India Steel Market Trends

Strong Policy Support by the Indian Government

The Indian government has implemented comprehensive long-term support policies to strengthen the domestic steel sector, with the National Steel Policy 2017 serving as a cornerstone initiative. Through this policy, the government aims to develop India into a technologically advanced steel manufacturing hub, focusing on achieving a total crude steel capacity of 300 MTPA by 2030-31. The policy framework specifically targets the expansion of state-owned entities, with plans to increase SAIL's operational capacity from the existing 19.51 MTPA to approximately 35.65 MTPA by 2030-31. Additionally, the government's Production Linked Incentive (PLI) Scheme, approved with an outlay of INR 6,322 crore, is scheduled to commence from FY 2023-24, demonstrating the government's commitment to boosting domestic production.

The government has also introduced targeted policies to promote domestic manufacturers and enhance quality standards in the steel sector. The Domestically Manufactured Iron and Steel Products (DMI & SP) Policy, implemented for government procurement, has successfully resulted in import substitution worth INR 34,800 crore (USD 4,176.7 million). To ensure product quality, 145 Indian Standards have been notified under the Quality Control Orders covering various steel materials. Furthermore, the government launched the region-specific Mission Purvodaya to accelerate development in Eastern India through an integrated steel hub in Kolkata, recognizing that the eastern region has the potential to contribute more than 75% of the country's incremental steel capacity, potentially adding over 200 MT of the targeted 300 MT capacity by 2030-31.

Strong Influx of Investments in the Steel Sector

The Indian steel sector has witnessed substantial investment commitments from both domestic and international players, reflecting strong confidence in the market's growth potential. Through the production-linked incentive scheme for specialty steel, the government has successfully attracted investment commitments worth INR 400 billion (USD 5.37 billion), aimed at expanding specialty steel capacity. In a significant development in July 2023, the Ministry of Steel announced a massive investment of JPY 5 trillion (USD 36 billion) from Japan across various sectors in India, including steel, marking a major boost for international collaboration in the sector.

Major industry players have announced significant expansion plans, demonstrating their commitment to the sector's growth. AMNS India has unveiled plans to invest USD 7.4 billion in expanding both its upstream and downstream capacities while enhancing its iron ore capabilities. Similarly, INOX Air Products announced an investment of INR 1,300 crore (USD 157.5 million) in May 2023 to improve

process efficiency, while JSW Steel committed INR 47,457 crore (USD 6.36 billion) for manufacturing capacity expansion and mining infrastructure development in Odisha. These investments are complemented by over 57 MoUs involving 27 companies under various government schemes, with committed investments of nearly INR 30,000 crore aimed at adding downstream capacity of 24.7 million tons.

Increasing Urbanization and Increased Spending on Construction and Infrastructure Projects

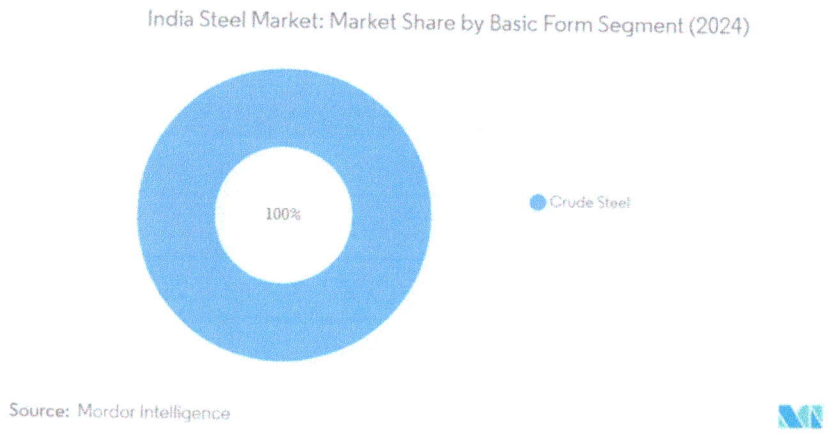
India's construction and infrastructure sectors are experiencing unprecedented growth, driven by rapid urbanization and increased government spending on development projects. According to the National Investment Promotion and Facilitation Agency, the construction industry currently employs over 51 million people and accounts for 9% of India's GDP. The sector has witnessed remarkable growth in housing demand, with the top seven cities (Delhi NCR, Bangalore, Hyderabad, Mumbai, Pune, Chennai, and Kolkata) recording approximately 402,000 new housing units in 2022, representing a 44% increase from the previous year. This growth trajectory is expected to continue as projections indicate that more than 40% of India's population will reside in urban areas by 2030, creating demand for an additional 25 million affordable housing units.

The government has demonstrated strong commitment to infrastructure development through substantial budget allocations and ambitious projects. In 2022-23, the government allocated INR 64,573 crore for developing new roads and bridge infrastructure, while committing INR 2,600 crore for non-residential office buildings under the Central Vista Project. The implementation of transformative programs such as the Smart City Mission, targeting 100 cities, and the National Infrastructure Pipeline (NIP) with projects worth INR 108 trillion (USD 1.3 trillion) at various implementation stages, further reinforces the government's focus on infrastructure development. Additionally, social sector initiatives like the Pradhan Mantri Awas Yojana and the Sardar Patel Urban Housing Project are actively promoting housing development, creating sustained demand for construction steel and structural steel in the construction sector.

Segment Analysis: Basic Form

Crude Steel Segment in India Steel Market

Crude steel represents the entirety of India's basic form steel manufacturing, serving as the fundamental raw material for all steel products in the country. In 2024, crude steel production continues to dominate the basic form segment with approximately 100% market share, reflecting its critical role in India's steel manufacturing ecosystem. The segment's robust performance is supported by major steel producers like Steel Authority of India Limited (SAIL), Tata Steel, and JSW Steel, who have significantly invested in expanding their crude steel production capabilities. The production is primarily driven by the strong demand from various end-user industries, including construction, automotive, and infrastructure development. The government's supportive policies, including the National Steel Policy and Production Linked Incentive (PLI) scheme, have further strengthened the crude steel segment's position in the market.



Growth Trajectory of Crude Steel Segment

The crude steel segment is projected to maintain a strong growth trajectory, with an expected growth rate of approximately 8% during the forecast period 2024-2029. This growth is primarily driven by the government's ambitious target to achieve 300 MTPA of steel production capacity by 2030-31. The segment's expansion is further supported by significant investments in new technologies and production facilities. Major steel manufacturers are increasingly adopting advanced technologies like blast furnace-basic oxygen furnace (BF-BOF) and electric arc furnace (EAF) to enhance production efficiency and meet environmental standards. The segment's growth is also bolstered by increasing urbanization and the government's focus on infrastructure development projects across the country.

Segment Analysis: Final Form

Crude Steel Segment in India Steel Market

Crude steel maintains its position as the dominant segment in India's steel market, accounting for approximately 53% of the total production volume in 2024. This segment's prominence is primarily attributed to India's position as the world's second-largest producer of crude steel, surpassing major steel-producing nations. The segment's strength is reinforced by the country's robust integrated steel manufacturing facilities, with major players like Steel Authority of India Limited (SAIL) operating multiple blast furnaces across various locations. The government's supportive policies, including the National Steel Policy and Production Linked Incentive (PLI) Scheme, have further bolstered crude steel production. Additionally, the segment benefits from India's abundant iron ore reserves and growing domestic demand from various end-user industries, particularly construction and infrastructure development.

Finished Steel Segment in India Steel Market

The finished steel segment is demonstrating remarkable growth potential in India's steel market, with an expected growth rate of approximately 9% during 2024-2029. This accelerated growth is driven by several factors, including the government's ambitious infrastructure development plans and increasing urbanization. The segment is witnessing substantial investments in capacity expansion, with major players like JSW Steel and Tata Steel announcing significant expansion projects. The implementation of quality control orders by the government has also enhanced the segment's competitiveness in both domestic and international markets. Furthermore, the growing demand from automotive, construction, and consumer goods sectors, coupled with India's push towards manufacturing self-reliance through initiatives like 'Make in India,' is expected to sustain this segment's robust growth trajectory.

Segment Analysis: Technology

Blast Furnace-Basic Oxygen Furnace (BF-BOF) Segment in India Steel Market

The Blast Furnace-Basic Oxygen Furnace (BF-BOF) route dominates India's steel production landscape, commanding approximately 46% of the total market share in 2024. This technology represents the most basic, robust, and highly efficient method of steel production, using iron ore as its primary raw material, which accounts for about 50% of the manufacturing cost. The segment's prominence is attributed to its superior production capabilities, with blast furnaces capable of producing up to 10,000 tons of molten pig iron daily and Basic Oxygen Furnaces able to produce up to 300 tons of steel per heat. The technology's efficiency is demonstrated by its ability to convert up to 90% of iron ore into molten pig iron in less than 30 minutes, while BOFs can transform molten pig iron into steel within the same timeframe. The segment's growth is further supported by significant capacity expansions across major players, with companies like Tata Steel BSL Ltd. planning to add 6.07 MMT of BOF capacity at the Meramandali works, and JSW Steel advancing the construction of 5 MMT of BOF capacity at its Vijayanagar Works. The segment is projected to maintain its strong growth trajectory through 2024-2029, with an expected growth rate of approximately 9% annually, driven by its vital role in India's economy and continuous improvements in efficiency and environmental performance.

Remaining Segments in Technology

The Electric Arc Furnace (EAF) and Other Technologies segments complete the technological landscape of India's steel market. The EAF segment has established itself as a significant alternative to the traditional BF-BOF route, particularly in producing specialty steels that require precise control of chemistry and microstructure. This technology offers advantages in terms of energy efficiency, using only about 20% of the energy required by the BF-BOF route, and demonstrates greater environmental friendliness due to its reduced carbon footprint. The Other Technologies segment, primarily dominated by Induction Furnace (IF) technology, serves as a promising alternative for smaller steel mills due to its compact nature and flexibility in feedstock utilization. These technologies complement the market by offering specialized solutions for different production needs, with EAF being particularly suitable for high-quality alloy and stainless grades, while IF technology provides advantages in terms of energy efficiency and reduced environmental impact, making it ideal for smaller-scale operations and specific market niches.

Segment Analysis: End User Industry

Building and Construction Segment in India Steel Market

The building and construction sector maintains its dominance in the Indian steel market, accounting for approximately 51% of the total market share in 2024. This segment's prominence is driven by extensive infrastructure development initiatives and rapid urbanization across the country. The government's strong focus on infrastructure development through various initiatives and increased spending on construction projects has significantly boosted construction steel demand in this sector. According to the National Investment Promotion and Facilitation Agency, the building and construction industry is projected to reach USD 1.4 trillion by 2025, demonstrating the sector's robust growth trajectory. The segment is also experiencing the fastest growth rate of around 10% for the forecast period 2024-2029, primarily driven by ambitious government projects, growing residential construction activities, and expanding commercial infrastructure development. The expansion of Grade A office spaces in major cities, coupled with the government's commitment to developing smart cities and affordable housing schemes, continues to fuel the demand for steel in construction applications.

Remaining Segments in End User Industry

The automotive steel and transportation sector represents the second-largest consumer of steel in India, driven by the country's expanding automotive manufacturing capabilities and transportation

infrastructure development. The tools and machinery segment maintains steady growth, supported by increasing industrialization and the government's push for domestic manufacturing through initiatives like 'Make in India'. The consumer goods sector's demand for steel continues to rise, particularly in appliances and packaging applications, while the energy sector utilizes steel extensively in power generation infrastructure, renewable energy installations, and distribution networks. Each of these segments contributes uniquely to the market's dynamics, with the automotive sector focusing on high-strength steel variants, the tools and machinery segment demanding precision-grade materials, and the consumer goods sector requiring specialized steel products for various applications. The energy sector's transformation, particularly in renewable energy infrastructure, is creating new opportunities for steel applications in solar, wind, and hydroelectric power installations.

India Steel Industry Overview

Top Companies in Indian Steel Market

The Indian steel market is characterized by strong domestic players demonstrating significant innovation and strategic expansion initiatives. Companies are increasingly focusing on technological advancement, particularly in developing specialty steel products and sustainable steel manufacturing processes. Major players are expanding their production capacities through greenfield projects and brownfield expansions, while simultaneously investing in downstream capabilities to broaden their steel products portfolios. The industry shows a clear trend toward vertical integration, with companies securing raw material sources and strengthening their distribution networks. Strategic collaborations with international technology partners, particularly for advanced high-strength steels and specialized products, have become increasingly common. Companies are also emphasizing sustainability initiatives, with many players investing in renewable energy sources and carbon reduction technologies to align with global environmental standards.

Fragmented Market with Strong Local Leadership

The Indian steel market exhibits a partially fragmented structure with a mix of public and private sector enterprises dominating the landscape. The market features a strong presence of integrated steel manufacturers who control significant portions of the value chain, from raw material extraction to finished product distribution. While global players maintain some presence, the market is predominantly controlled by domestic conglomerates with a deep-rooted understanding of local market dynamics and established distribution networks. The industry has witnessed several strategic acquisitions and joint ventures, particularly aimed at technology enhancement and capacity expansion, indicating a gradual trend toward consolidation.

Recent years have seen increased merger and acquisition activities, with larger players acquiring smaller specialized units to enhance their product portfolios and market reach. The public sector continues to play a significant role through entities like SAIL, while private sector giants like Tata Steel and JSW Steel have been expanding their presence through both organic and inorganic growth strategies. The market structure is further characterized by the presence of numerous medium-sized players who specialize in specific product categories or serve regional markets, contributing to the overall competitive dynamics of the industry.

Innovation and Sustainability Drive Future Growth

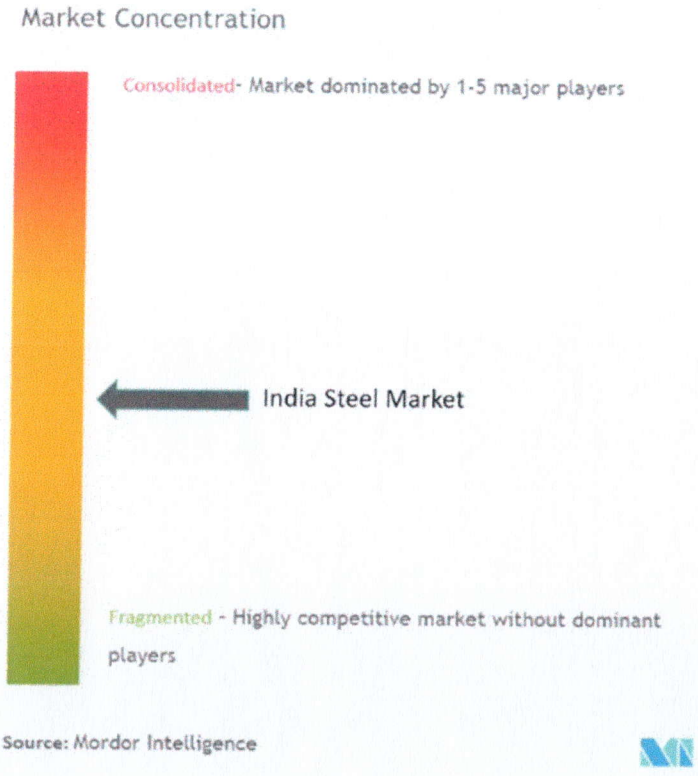
Success in the Indian steel market increasingly depends on companies' ability to balance operational efficiency with environmental sustainability. Market leaders are focusing on developing value-added steel products, particularly for high-growth sectors like automotive and construction, while simultaneously investing in clean technologies and circular economy initiatives. The ability to secure

raw material supplies, optimize production costs, and maintain strong relationships with end-users has become crucial for maintaining market position. Companies are also emphasizing digital transformation and automation to improve operational efficiency and product quality, while developing specialized products to address specific industry needs.

For new entrants and smaller players, success lies in identifying and serving niche markets while building strong distribution networks. The industry faces moderate substitution risks from alternative steel materials, particularly in construction and packaging applications, necessitating continuous innovation in product development and application engineering. Regulatory compliance, particularly regarding environmental standards and quality requirements, has become a critical factor for market success. Companies that can effectively manage these aspects while maintaining cost competitiveness and product quality are likely to gain market share. The ability to adapt to changing end-user requirements and maintain strong relationships with key industrial customers remains crucial for long-term success in the market.

India Steel Market Leaders

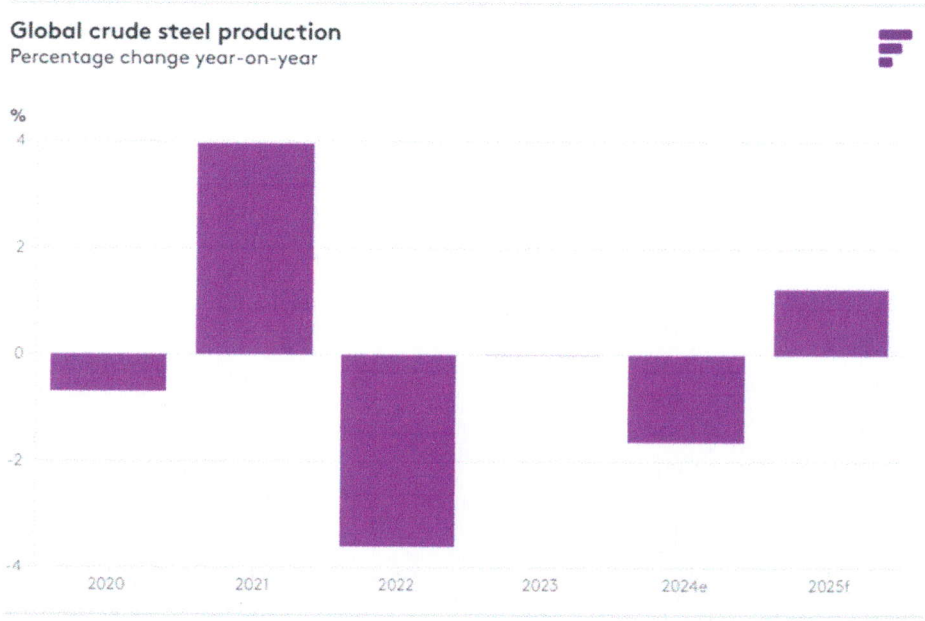
1. Steel Authority of India Limited (SAIL)
2. JSW STEEL LIMITED
3. TATA STEEL
4. AM/NS INDIA
5. JINDAL STEEL & POWER LIMITED



Source: https://www.mordorintelligence.com/industry-reports/india-steel-market

INDUSTRY ANALYSIS BASED ON GLOBAL MARKET

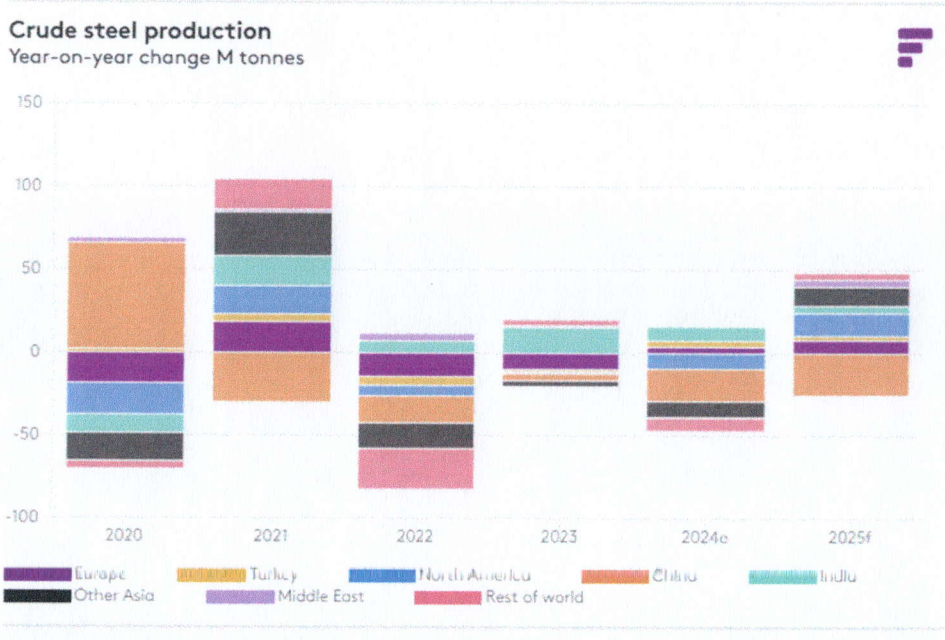
Global crude steel production is forecasted to increase modestly in 2025 over 2024 levels, the first annual increase since the nearly 4% year-over-year gains in 2021, following the 2020 shutdowns. Increases in production in North America, Europe, Middle East, and India will offset another expected weak year in China.



Source: Fastmarkets, WSA, AISI

Chinese crude steel production to fall

Chinese crude steel production is on course to fail to register one billion tonnes production in 2024 (data for the full year is still being finalized), and Fastmarkets suggests that output will fall below 900Mt by the end of the ten-year forecast period. Domestic Chinese apparent steel consumption has peaked, putting pressure on steelmakers to aggressively export to maintain output levels, thus affecting prices and steelmaker margins.



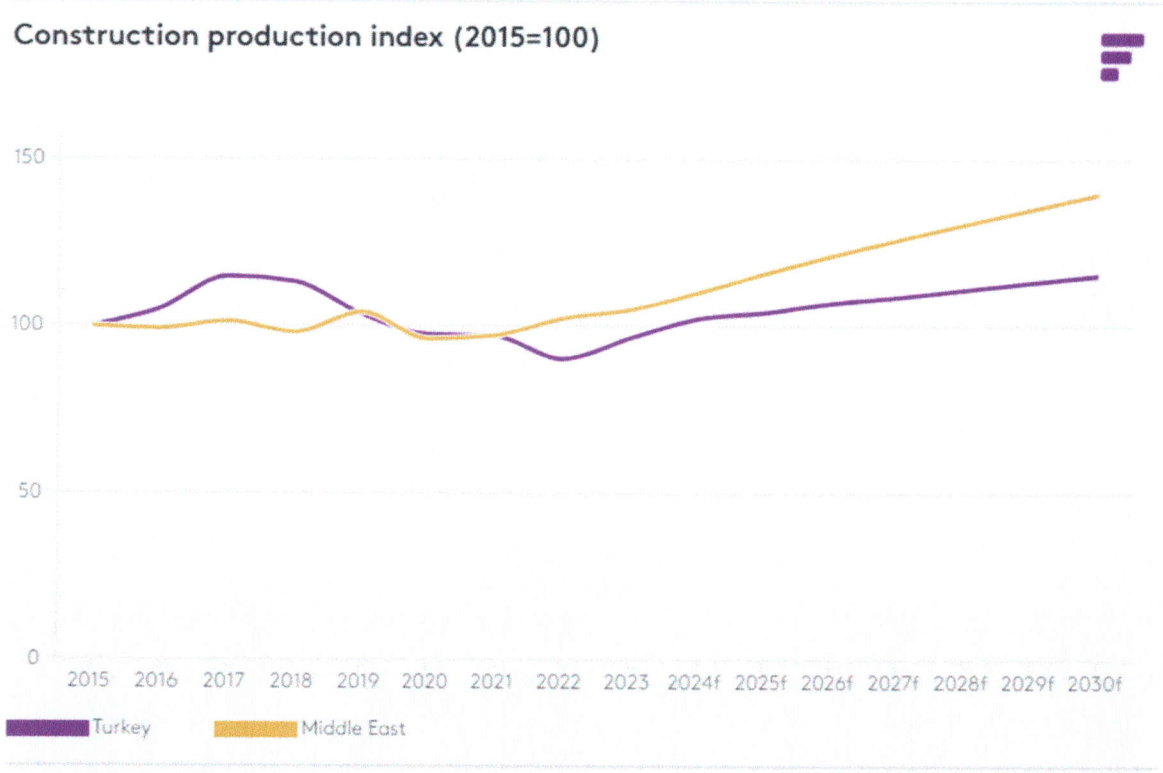
Source: Fastmarkets, WSA, AISI

In 2025 as well as in coming years, India's annual growth in crude steel production will be driven by structural growth in end-user demand as well as the aggressive expansion of domestic capacity. Much of this new and planned capacity is coal based, output from which could be affected by emission controls, such as Europe's CBAM. That being said, the main target of the new capacity is the domestic market.

Modest growth in European crude steel production

After a dismal 2024 in terms of steel demand and output, European crude steel production is forecast to show modest growth in 2025 as end-user demand will bounce back slightly. Improvements in demand will push distributors to adjust inventory levels higher. Moreover, new and renewed trade restrictions will support regional suppliers by reducing penetration of lower-cost competition.

Fastmarkets projects continued improvements in Turkish steel production on the basis on improving domestic construction demand brought about by new rigorous building codes due to recent earthquakes.



Source: Oxford Economics, Fastmarkets

Middle East crude steel production in the near term will be driven by new capacity starts in the region. Construction growth in the Middle East will continue to support regional upstream steel demand. Moreover, the region is becoming a central hub for investment in green steel and associated raw materials.

North American steel production will be driven by new capacity gains in Mexico and the US which will more than offset recent or planned closures of old and uneconomic capacity. The effect of re-shoring or near-shoring of manufacturing capacity will have a positive effect on upstream steel demand. With new administrations in both countries, Fastmarkets surmises that tariffs, trade restrictions or stimulus efforts will be supportive of domestic steel output in both countries.

Source: https://www.fastmarkets.com/insights/fastmarkets-forecasts-global-crude-steel-production-to-increase-2025

Valuer's Identity and Appointment Details

Name of the Valuer	Ms. Madhumita Karar
Address of the Valuer	Chatterjee International Centre, Flat No. 13, 17th Floor, 33-A, Jawaharlal Nehru Rd, Park Street area, Kolkata, West Bengal 700071
Contact Detail	9007064060
Email address	madhumita@kgrs.in
Qualifications	FCA, Insolvency Professional, Registered Valuer-SFA
IBBI Registration No	IBBI/RV/06/2018/10341
Independence and Disclosure of Interest	The undersigned is an independent valuer. There is no conflict - of interest. It is further stated that neither the undersigned nor the relatives /associates are related or associated with Scan Steels Limited.
Any other experts involved	No
Appointment of Valuer	Appointment as Valuer was done on 31st March 2025 by Management of Scan Steels Limited.
Date of Valuation	14th April 2025
Date of Report	14th April 2025
Currency	INR

Valuation Approaches, Methods & Bases

A. Valuation Approaches & Methods

As per paragraph 8 of the Indian Valuation Standard 103 - Valuation Approaches and Methods, of Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India, there are three main valuation approaches:

1. Market approach;
2. Income approach; and
3. Cost approach.

1. Market approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

The following valuation methods are commonly used under the market approach:

a) Market Price Method;
b) Comparable Companies Multiple (CCM) Method; and
c) Comparable Transaction Multiple (CTM) Method;

a) Market Price Method

Under this method a valuer shall consider the traded price observed over a reasonable period while valuing assets which are traded in the active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market.

b) Comparable Companies Multiple (CCM) Method

Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market.

c) Comparable Transaction Multiple (CTM) Method

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparable (comparable transactions).

2. Income Approach

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount.

The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value.

Some of the common valuation methods of equity share valuation under income approach are as follows:

a) Discounted Cash Flow (DCF) Method;
b) Relief from Royalty (RFR) Method;
c) Multi-Period Excess Earnings Method (MEEM);
d) With and Without Method (WWM) and

a) Discounted Cash Flow ('DCF') Method

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life.

The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc.

b) Relief from Royalty (RFR) Method

RFR Method is a method in which the value of the asset is estimated based on the present value of royalty payments saved by owning the asset instead of taking it on lease. It is generally adopted for valuing intangible assets that are subject to licensing, such as trademarks, patents, brands, etc.

c) Multi-Period Excess Earnings Method (MEEM)

MEEM is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.

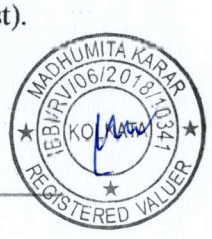
d) With and Without Method (WWM)

Under WWM, the value of the intangible asset to be valued is equal to the present value of the difference between the projected cash flows over the remaining useful life of the asset under the following two scenarios:

i. business with all assets in place including the intangible asset to be valued; and
ii. business with all assets in place except the intangible asset to be valued.

3. Cost Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). Two most commonly used valuation methods under the Cost approach:



a) Replacement Cost Method; and
b) Reproduction Cost Method.

a) Replacement Cost Method

Replacement Cost Method, also known as 'Depreciated Replacement Cost Method' involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

b) Reproduction Cost Method

Reproduction Cost Method involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence.

B. Valuation Bases

As per paragraph 14 of the Indian Valuation Standard 102 - Valuation Bases, of Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India, Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the valuer to identify the bases of value pertinent to the engagement. This Standard defines the following valuation bases:

a) Fair value;
b) Participant specific value; and
c) Liquidation value

a) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. Fair value is the price in an orderly transaction in the principal (or most advantageous) market at the valuation date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

b) Participant Specific Value

Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.

c) Liquidation Value

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.
Liquidation value can be carried out under the premise of an orderly transaction with a typical marketing period or under the premise of forced transaction with a shortened marketing period.

The valuer must disclose whether an orderly or forced transaction is assumed. The net amount is determined after considering estimated cost of disposal.

C. Premise of Value

As per paragraph 37 of the Indian Valuation Standard 102 - Valuation Bases, of Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India, Premise of Value refers to the conditions and circumstances how an asset is deployed. In a given set of circumstances, a single premise of value may be adopted while in some situations multiple premises of value may be adopted. Some common premises of value are as follows:

a) highest and best use;
b) going concern value;
c) as is where is value;
d) orderly liquidation; or
e) forced transaction.

a) Highest and Best Use

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

b) Going Concern Value

Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

c) As-is-where-is Basis

As-is-where-is basis will consider the existing use of the asset which may or may not be its highest and best use.

d) Orderly Liquidation

An orderly liquidation refers to the realisable value of an asset in the event of a liquidation after allowing appropriate marketing efforts and a reasonable period of time to market the asset on an as-is, where-is basis.

e) Forced transaction

Forced transaction is a transaction where a seller is under constraints to sell an asset without appropriate marketing period or effort to market such asset.

The approach, method, base and premise of value is selected after considering the terms and purpose of the valuation engagement.

D. Discount for Lack of Marketability (DLOM)

DLOM is based on the premise that an asset which is readily marketable (such as frequently traded securities) commands a higher value than an asset which requires longer marketing period to be sold (such as securities of an unlisted entity) or an asset having restriction on its ability to sell (such as securities under lock-in-period or regulatory restrictions).

Determining an appropriate level of DLOM can be a complex and subjective process. Accordingly, the specific nature and characteristics of the asset and the facts and circumstances surrounding the valuation should be considered.

E. Control Premium and Discount for Lack of Control (DLOC)

Control Premium generally represents the amount paid by acquirer for the benefits it would derive by controlling the acquiree's assets and cash flows.

Control Premium is an amount that a buyer is willing to pay over the current market price of a publicly-traded company to acquire a controlling interest in an asset. It is opposite of discount for lack of control to be applied in case of valuation of a non-controlling/minority interest.

Valuation Methodology

Based on discussions, it is understood that there will a vary in the terms of the Non-Convertible Redeemable Preference Shares (NCRPS) to Optionally Convertible Redeemable Preference Shares (OCRPS) leading to subsequent issue of equity shares, therefore valuation under Regulation 166A of SEBI (Issue of Capital and Disclosure requirements) Regulations 2018 is required to be carried out.

In this context, my assistance is required to carry out the determination of the fair value of the equity shares of the Company in terms of the Regulation 166A of SEBI (Issue of Capital and Disclosure requirements) Regulations 2018.

As per Regulation 166A of SEBI (ICDR) Regulations, 2018:

Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

Valuation Methodology has been considered based on the nature and purpose of the valuation.

Asset Approach:

The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on an Adjusted Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes historical cost of net assets only without recognizing its present earnings, comparative financial performance of its peers and their enterprise values etc.

Under Assets approach valuation has been carried out under Replacement Cost method based on the latest available accounts of the Company. The price per equity share of the Company under Replacement Cost method is Rs. 70.11/-.

Valuation of equity share of Scan Steel Limited under asset approach are given in more detailed manner in the Appendix -I.

Income Approach:

The DCF method being the most appropriate method under Income Approach is selected for the purpose of valuation. DCF approach is based on the theory that the total value of a business is the present value of its projected future cash flows, plus the present value of the terminal value.

The discounted cash flow analysis estimates the future cash flows that would be available to a shareholder based on normal operations. In order to project the Company's future, cash flows reasonably and accurately, a thorough review of the Company's historical financial statements and detailed discussions with management was completed. The projections as provided by the management and used in the DCF model are attached in Appendix - II.

The price per equity share of the Company under DCF method is Rs. 70.04/-.

Forecasting free cash flow

Free cash flow is the cash that flows through a company in the course of a year once all cash expenses have been taken out. Free cash flow represents the actual amount of cash that a company has left from its operations that could be used to pursue opportunities that enhance shareholder value.

Free Cash Flow to Firm

Free cash flow to firm = Net income - (capital expenditures - depreciation) - change in non-cash working capital

Cash Flow from operation (Net Income)

The profit after tax as calculated above in the projections plus depreciation and non-cash charges is taken as the Net Income for stating the computation of free cash flow to shareholders.

Net Capital Expenditure

To underpin growth, companies need to keep investing in capital items such as property, plants and equipment. Net capital expenditure is calculated by taking change in gross fixed asset disclosed in a company's projected balance sheet.

Change in Working Capital

Working capital refers to the cash a business requires for day-to-day operations or, more specifically, short-term financing to maintain current assets such as debtors. The faster a business expands the more cash it will need for working capital and investment.

Working capital is calculated as current assets minus current liabilities.Net change in working capital are the difference in working capital levels from one year to the next. When more cash is tied up in working capital than the previous year, the increase in working capital is treated as a cost against free cash flow.

Net Repayment of Debt

Net Repayment of Debt represents new debt borrowed as reduced by the debt repaid.

Discount Rate

Having projected the company's free cash flow for the next years, the worth of the cash flows as on date is required. That means selecting an appropriate discount rate which can be used to calculate the net present value (NPV) of the cash flows. The cost of equity has been taken as the discounting factor for discounting the free cash flows to the shareholders.

Weighted Average Cost of Capital (WACC)

The Firm's Cost of Capital is estimated using the Weighted Average Cost of Capital. The WACC is the rate that a company is expected to pay on average to all its security holders to finance its assets.

$$WACC = W_dCOSTd + WeCOSTe$$

Where:

COSTd	=	Cost of debt
Wd	=	Ratio of debt to total capital
COSTe	=	Cost of equity i.e. the required return on equity
We	=	Ratio of equity to total capital

Cost of Equity

The annual rate of return that an investor expects to earn when investing in shares of a company is known as the cost of equity. That return is composed of the dividends paid on the shares and any increase (or decrease) in the market value of the shares. Under risk and return model, the cost of equity is derived using a build – up method and Modified CAPM Method.

Cost of Equity under CAPM

$$\textit{Cost of Equity (Ke)} = R_f + \beta X (Rm - R_f)$$

Where,

R_f- Risk-Free Rate-This is the amount obtained from investing in securities considered free from credit risk, such as government securities. $R_f$has been taken to be 6.76% which is Yield on 10 yrs India Bond Yield as on valuation date. (Source: www.investing.com)

β - Beta - This measure how much a company's share price moves against the market as a whole. A beta of one, for instance, indicates that the company moves in line with the market. If the beta is in excess of one, the share is exaggerating the market's movements; less than one means the share is more stable. Occasionally, a company may have a negative beta (e.g. a gold mining company), which means the share price moves in the opposite direction to the broader market. Beta of the industry has been taken 1.08 which is the average beta of the similar industries. (Source: www.damodaran.com)

R_m – Expected Market Return - is assumed to be the Compound Annual Growth Rate (CAGR) of the Bombay Stock Exchange Sensex. The CAGR is computed based on the BSE Sensex values till the valuation date which comes to 15.66%.

Cost of equity= $R_f + \beta (R_m - R_f)$ = 6.76% + 1.08 X (15.66% - 6.76%) = 16.37%

Cost of Debt (Kd)

The Cost of Debt is the effective interest rate a Firm pays on its debt such as Bonds/Loans. Cost of debt is calculated as follows:

Cost of Debt (Kd) = Interest Rate* (1-Tx)

Weights

Capital Structure As on 31st December 2024	Rupees in lakhs	Weights
Shareholder Fund	45,489.68	99%
Debt	428.11	1%
Total	**45,917.79**	**100%**

Therefore,

WACC = WdCOSTd + WeCOSTe = 16.22% +0.01% = 16.23%

Discounted Free Cash Flow of firm (DFCFF)

All future cash flows are estimated and discounted to give their present values (PVs) - the sum of all future cash flows, both incoming and outgoing, is the net present value (NPV), which is taken as the value or price of the cash flows.

$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \ldots + \frac{CF_n}{(1+r)^n}$$

CF = Cash Flow

r = discount rate (WACC)

Terminal Value (T.V)

The terminal value is the value of the company's expected cash flow beyond the explicit forecast horizon.

There are several ways to estimate a terminal value of cash flows, but one well known method is to value the company as a perpetuity using the Gordon Growth Model. The model uses this formula:

Terminal Value = Final Projected Year Cash Flow X (1+Long-Term Cash Flow Growth Rate
(Discount Rate – Long-Term Cash Flow Growth Rate)

Market Approach:

a) Comparable Companies Multiple (CCM) Method

Scan Steels Limited is listed on the Bombay Stock Exchange Limited where price of such shares is determined by the market forces i.e. the demand & supply of the shares among the buyers and Sellers. There are listed comparable companies who are in the similar line of business to Company's Business. Hence, CCM method has been considered.

Under the CCM method, the value is determined on the basis of recent multiples derived from valuations of comparable companies listed on the stock exchanges. This is based on the principle that market price of the comparable companies incorporates all factors relevant to valuation. Considering the key variation in the capital structures of the comparable companies and industry standards, the EV/EBITDA multiples under the CCM approach were used. The price per equity share of the Company under EV/EBITDA multiple method is Rs. 58.17/-

Comparable Companies	EV/EBITDA
Rathi Steel & Power Ltd	11.74x
Mangalam Worldwide	10.37x
Sarda Energy & Minerals Ltd	10.42x
Prakash Industries Ltd	5.99x
Weighted Average Multiple	**9.63x**

The multiples so arrived above have been applied to the EBITDA of the Company as on 31st March, 2024 to arrive at the enterprise values. Accordingly, the enterprise values are arrived at as follows:

Particulars	EV/EBITDA
EBITDA	49.55
Multiples considered	9.63x
Enterprise value (Rs. in Crores)	**477.18**

Computation of Fair Value by Multiple Approach – Comparable Companies Method

Particulars	Figs. (in Crores)
Enterprise Value	477.18
Less: Value of Debts on 31st March 2024	118.92
Value to Shareholders	358.26
Less: Discount for Lack of Control (DLOC)	15%
Value to Shareholders for non-controlling stake	304.52
No. of Equity Shares (in Crores)	5.24
Value per Equity Share (non- marketable minority basis)	**58.17**

b) Market Price Method

Scan Steels Limited (SSL) is listed on the BSE Limited and price of such shares is determined by the market forces i.e. the demand & supply of the shares among the buyers and Sellers. Stock Exchange is one of the most efficient platforms where the price of the shares is determined by market forces and not by assumptions as required in Income approach, therefore the most suitable approach for valuation of equity share of SSL is Market Approach.

Under the Market Approach, Market Price Method has been adopted, wherein the traded price, market price and volume of the stock are observed over a reasonable period while valuing assets which are traded in the Active Market.

The pricing guideline of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018 (SEBI ICDR) have been relied upon for valuing the equity share of SSL under the Market Price Method. As per the Regulation 164 of the SEBI ICDR the pricing guideline for Pricing of frequently traded shares are as follows:

If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a) The 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or

b) The 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Valuation of Equity Share of Scan Steels Limited as per Regulation 164 of the SEBI ICDR

Amount in Rs.

Sl No.	Dates	Volume Weighted Average Price (a)	Total Traded Quantity (b)	Total Value (a*b)
1	11-Apr-25	37.08	14,732	5,46,223
2	09-Apr-25	36.05	4,838	1,74,391
3	08-Apr-25	36.15	12,688	4,58,678
4	07-Apr-25	34.78	38,774	13,48,717
5	04-Apr-25	37.30	42,127	15,71,177
6	03-Apr-25	37.50	21,882	8,20,523
7	02-Apr-25	36.12	1,28,829	46,53,412
8	01-Apr-25	35.45	18,130	6,42,761
9	28-Mar-25	34.14	96,769	33,03,338
10	27-Mar-25	34.61	2,92,824	1,01,34,244
11	26-Mar-25	35.90	51,696	18,55,857
12	25-Mar-25	37.08	56,264	20,86,544
13	24-Mar-25	38.04	81,586	31,03,769
14	21-Mar-25	37.77	1,52,949	57,76,251
15	20-Mar-25	37.20	97,677	36,33,564
16	19-Mar-25	36.28	65,230	23,66,539
17	18-Mar-25	35.48	80,550	28,57,888
18	17-Mar-25	35.75	71,863	25,69,245
19	13-Mar-25	36.72	1,31,233	48,19,180
20	12-Mar-25	37.42	74,384	27,83,118
21	11-Mar-25	37.55	1,60,736	60,35,712
22	10-Mar-25	38.87	1,11,079	43,17,580
23	07-Mar-25	38.41	39,161	15,03,999
24	06-Mar-25	37.16	1,12,698	41,88,162
25	05-Mar-25	35.21	40,555	14,28,056
26	04-Mar-25	33.77	26,235	8,86,026
27	03-Mar-25	32.53	1,69,498	55,14,180
28	28-Feb-25	36.98	74,762	27,64,662
29	27-Feb-25	39.64	38,296	15,18,068
30	25-Feb-25	39.63	6,329	2,50,797
31	24-Feb-25	39.69	1,32,530	52,60,702
32	21-Feb-25	39.40	12,516	4,93,161
33	20-Feb-25	39.20	23,244	9,11,198
34	19-Feb-25	38.63	14,392	5,55,985
35	18-Feb-25	37.28	34,069	12,70,211
36	17-Feb-25	38.05	18,239	6,94,078
37	14-Feb-25	38.42	27,078	10,40,221
38	13-Feb-25	39.72	18,662	7,41,222
39	12-Feb-25	39.02	59,618	23,26,441
40	11-Feb-25	40.92	39,855	16,31,011
41	10-Feb-25	41.57	34,543	14,36,122
42	07-Feb-25	42.64	17,109	7,29,569
43	06-Feb-25	42.13	63,429	26,72,547
44	05-Feb-25	42.11	33,373	14,05,373
45	04-Feb-25	43.61	8,091	3,52,856
46	03-Feb-25	42.99	1,31,668	56,59,920
47	01-Feb-25	43.35	12,126	5,25,691
48	31-Jan-25	43.19	10,954	4,73,054

49	30-Jan-25	42.66	18,534	7,90,719
50	29-Jan-25	42.03	28,408	11,93,986
51	28-Jan-25	40.90	29,767	12,17,357
52	27-Jan-25	40.81	61,456	25,07,970
53	24-Jan-25	41.87	14,706	6,15,680
54	23-Jan-25	41.97	33,155	13,91,350
55	22-Jan-25	42.22	38,117	16,09,119
56	21-Jan-25	43.40	1,27,899	55,51,210
57	20-Jan-25	47.17	14,696	6,93,277
58	17-Jan-25	45.60	24,634	11,23,236
59	16-Jan-25	45.30	35,991	16,30,429
60	15-Jan-25	44.16	39,666	17,51,570
61	14-Jan-25	43.18	35,678	15,40,702
62	13-Jan-25	42.67	53,840	22,97,301
63	10-Jan-25	44.47	60,514	26,90,816
64	09-Jan-25	45.98	42,544	19,56,114
65	08-Jan-25	46.78	17,109	8,00,439
66	07-Jan-25	46.64	9,560	4,45,850
67	06-Jan-25	46.29	41,181	19,06,298
68	03-Jan-25	47.43	22,931	10,87,638
69	02-Jan-25	47.17	25,033	11,80,760
70	01-Jan-25	46.96	22,317	10,47,954
71	31-Dec-24	46.64	27,966	13,04,230
72	30-Dec-24	46.89	31,323	14,68,737
73	27-Dec-24	46.13	31,436	14,50,071
74	26-Dec-24	47.21	14,588	6,88,678
75	24-Dec-24	47.44	24,638	11,68,924
76	23-Dec-24	47.55	36,460	17,33,810
77	20-Dec-24	49.09	14,995	7,36,043
78	19-Dec-24	48.58	15,893	7,72,148
79	18-Dec-24	49.66	16,221	8,05,465
80	17-Dec-24	50.20	21,611	10,84,867
81	16-Dec-24	49.87	40,521	20,20,642
82	13-Dec-24	48.03	68,945	33,11,401
83	12-Dec-24	50.68	68,841	34,88,619
84	11-Dec-24	52.62	33,397	17,57,219
85	10-Dec-24	53.37	35,343	18,86,396
86	09-Dec-24	54.73	48,718	26,66,379
87	06-Dec-24	53.99	76,066	41,06,730
88	05-Dec-24	53.18	23,049	12,25,643
89	04-Dec-24	51.96	93,389	48,52,695
90	03-Dec-24	52.13	12,70,749	6,62,46,570
TOTAL			**57,97,755**	**24,98,97,065**

Particulars	**Details**
90 Days VWAP	43.10
10 Days VWAP	35.22
As per SEBI ICDR price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the above	**43.10**

Valuation as per Independent Registered Valuer

SL No	Valuation Approach	Valuation Methods	Value per Share (Rs)	WEIGHT	WEIGHT X PRICE
1	Market Approach	Market Price Method	43.10	1.00	43.10
2	Market Approach	Comparable Multiples Method (EV/EBITDA)	58.17	1.00	58.17
3	Cost Approach	Replacement Cost Method	70.11	0.50	35.05
4	Income Approach	Discounted Cashflow Method	70.04	0.50	35.02
	TOTAL			**3.00**	**171.35**
			AVERAGE PRICE PER SHARE		**57.12**

** A quoted price in an active market provides the most reliable evidence of fair value and weights have been assigned accordingly.*

Value Conclusion

A	Value as per Regulation 164 of SEBI (ICDR)	**43.10**
B	Value as per Independent Registered Valuer	**57.12**
C	As per Regulation 166A of SEBI (ICDR) higher of the floor price determined regulation 164, or the price determined under the valuation report from the independent registered valuer (Higher of A or B)	**57.12**

MADHUMITA KARAR IBBI/RV/06/2018/10341 KOLKATA REGISTERED VALUER

Recommended Value

The recommended value of one Equity Shares of the Company of face value of Rs. 10/- each as on 14th April 2025 is **Rs. 57.12/-** per equity share.

Sources of Information

The following information and documents are being used in this appraisal:

- Discussions with the Company's Management
- Audited financial statements
- Provisional Accounts
- Projections for 5 years
- Valuation reports of immovable assets by other valuers.
- BSE/NSE Portals
- Various Website
- Other Documents

Independence of Appraiser

I am independent of the Company and its fee for this report is not contingent in anyway upon the opinion of realisable value of the equity shares of SSL to be valued. I am not aware of any conflicts of interest. My engagement does not in any way preclude the Client from seeking other independent opinions of the realisable value of the equity shares of SSL from other sources.

Contingent and Limiting Conditions

This appraisal is made subject to the following general contingent and limiting conditions:

1. The analyses, opinions, and conclusions presented in this report apply to this engagement only and may not be used out of the context presented herein. This report is valid only for the effective date specified herein and only for the purpose specified herein.

2. Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

3. The company and its representatives warranted to me that the information supplied to me was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with the generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification.

4. Financial information of the subject company is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for other purpose. Because of the limited purpose of the information presented, it may be incomplete and contain departures from the generally accepted accounting principles.

5. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without my written consent. This report and the conclusion of the value arrived at herein are for the exclusive use of the client for the sole and specific purposes as noted herein.

6. I do not provide assurance on the achievability of the results forecasted by the client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.

7. The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange or diminution of the owner's participation would not materially or significantly change.

8. This report and the conclusion of the value arrived at herein are for the exclusive use of the client's sole and specific purpose as noted herein.

9. The report and the conclusion of the value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of the registered valuer, based on information furnished by the client and other sources.

10. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s) or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without my approval

11. This valuation reflects the facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and I have no obligation to update the report for such events and conditions.

12. The analyst, by reason of this valuation, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

13. The engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

14. No change in any item in this valuation/conclusion report shall be made by anyone other than me and I shall have no responsibility for any such unauthorized change.

15. It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non- compliance is stated, defined, and considered in the report.

16. I assume no responsibility concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this respect.

17. I have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report.

18. I have made no investigation of title to property and assume that the owner's claim to the property is valid. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all asset.

Appendix - I

Valuation under Asset Approach (Replacement Cost Method)

Scan Steels Limited as on 31st December 2024			*(INR in Lakhs)*
SL. No.	**PARTICULARS**	**Book value**	**Restated value**
A.	**ASSETS**		
	1. Non-Current Assets		
	a)Property, Plant and Equipment	26,735.57	32,180.25
	b)Capital work-in-progress	1,205.65	1,205.65
	c)Other Intangible Assets	1.10	1.10
	d)Financial Assets		
	(i) Investment	1,706.88	3,182.27
	(ii) Other Financial Assets	1,983.16	1,983.16
	e)Other non-current Assets	2,467.17	2,467.17
	2. Current Assets		
	a)Inventories	20,522.72	20,522.72
	b)Financial Assets		
	(i) Trade Receivables	1,131.49	1,131.49
	(ii) Cash & Bank balances	341.50	341.50
	c)Other Current Assets	2,825.84	2,825.84
	Total	**58,921.08**	**65,841.15**
B.	**LIABILITIES**		
	1.Non-current liabilities		
	a)Financial Liabilities		
	(i) Borrowings	26.57	26.57
	b)Deferred Tax Liabilities (Net)	3,474.96	3,474.96
	3.Current Liabilities		
	a)Financial Liabilities		
	(i) Borrowings	8990.48	8,990.48
	(ii) Trade Payables:		
	a)Total Outstanding Dues of micro and small enterprises	43.39	43.39
	b)Total Outstanding Dues of creditors other than micro and small enterprises	907.98	907.98
	(iii) Other Financial Liabilities	1679.22	1,679.22
	b)Provisions	580.86	580.86
	c)Other Current Liabilities	1804.51	1,804.51
	Total	**17,507.97**	**17,507.97**
C.	Net Asset Value (A-B)	**41,413.11**	**48,333.18**
D.	Discount for Lack of Control @ 15%	6,211.97	7,249.98
E.	**Net Asset Value on Marketable, Non-Controlling Basis**	35,201.14	41,083.20
F	**Number of Shares**	586.02	586.02
G	NAV per share	**60.07**	**70.11**

Appendix - II

Projected Balance Sheet *(Rs. In lakhs)*

PARTICULARS	2025	2026	2027	2028	2029	2030
LIABILITIES						
Net Worth:						
Share Capital	5860.00	5860.00	5860.00	5860.00	5860.00	5860.00
General Reserve	1344.00	1344.00	1344.00	1344.00	1344.00	1344.00
Share Premium	20643.00	20643.00	20643.00	20643.00	20643.00	20643.00
Other Reserve	732.00	732.00	732.00	732.00	732.00	732.00
Profit & Loss A/c	14256.16	18397.19	23272.50	28899.03	35617.88	43327.63
Deferred Tax Reserve	3647.92	3816.85	3993.07	4174.50	4365.77	4561.60
	46483.08	**50793.04**	**55844.57**	**61652.52**	**68562.65**	**76468.23**
Term Liabilities:						
Term Loan (Excluding Instalments payable within one year)	2.09	0.00	0.00	0.00	0.00	0.00
Preference Share	396.00	396.00	396.00	396.00	396.00	396.00
	398.09	**396.00**	**396.00**	**396.00**	**396.00**	**396.00**
Current Liabilities:						
Bank Borrowing	12000.00	12000.00	12000.00	12000.00	12000.00	12000.00
Sundry Creditors (Trade)	928.51	934.40	946.23	957.37	965.45	978.00
Provision for Taxation	149.21	160.62	167.56	172.51	181.87	186.21
Advance from customers	777.70	855.47	1107.83	1163.23	1221.39	1282.46
Statutory Dues	610.85	580.31	551.29	523.73	497.54	472.66
Other Liabilities	2291.80	2177.21	2068.35	1964.93	1866.69	1773.35
Instalments of Term Loan (Due within 1 year)	24.08	2.09	0.00	0.00	0.00	0.00
	16782.15	**16710.10**	**16841.27**	**16781.76**	**16732.93**	**16692.69**
TOTAL LIABILITIES	**63663.32**	**67899.14**	**73081.84**	**78830.28**	**85691.58**	**93556.91**
ASSETS						
Fixed Assets:						
Gross Block	29564.00	29564.00	29564.00	29564.00	29564.00	29564.00
Less: Depreciation	3343.67	5054.34	6680.70	8229.73	9707.22	11118.07
Net Block	**26220.33**	**24509.66**	**22883.30**	**21334.27**	**19856.78**	**18445.93**
Current Assets:						
Inventory	19630.66	19738.20	20001.61	20265.46	20459.07	20707.62
Sundry Debtors	3632.72	3662.25	3713.16	3763.81	3805.67	3850.06
Balance With Govt Authorities	1136.80	1705.20	1193.64	1790.46	1969.51	2166.46
Advances to Suppliers	2622.50	3933.75	2064.83	3541.18	3757.20	4696.49
Advance Tax Paid	447.64	481.87	502.69	517.52	545.62	558.63
Other Current Assets	521.00	885.70	1328.55	1461.41	1607.55	1768.30
Cash Surplus	2198.82	4441.05	11522.79	14664.07	20220.93	25798.64
	30190.14	**34848.03**	**40327.28**	**46003.91**	**52365.54**	**59546.20**
Non-Current Assets						
Others	981.24	1000.86	1020.88	1041.30	1062.13	1083.37
Investment	3068.40	3682.08	4418.50	5302.20	6362.63	7317.03
Advance for Capital Goods	1638.22	2293.51	2866.89	3583.61	4479.51	5599.38
Security Deposit	1565.00	1565.00	1565.00	1565.00	1565.00	1565.00
	7252.86	**8541.45**	**9871.26**	**11492.10**	**13469.27**	**15564.78**
TOTAL ASSETS	**63663.32**	**67899.14**	**73081.84**	**78830.28**	**85691.58**	**93556.91**

MADHUMITA KARAR IBBI/RV/06/2018/10341 KOLKATA REGISTERED VALUER

Projected Profit & Loss Statement *(Rs. In lakhs)*

PARTICULARS	2025	2026	2027	2028	2029	2030
Gross Sale						
Domestic Sale	97506.73	99388.61	101376.39	103403.91	105471.99	107581.43
Net Sale	**97506.73**	**99388.61**	**101376.39**	**103403.91**	**105471.99**	**107581.43**
Cost of Sale						
a. Raw Materials	71779.31	72199.43	73091.40	73875.85	74436.11	75432.67
b. Consumables & Spares	2501.88	2552.80	2607.40	2713.48	2799.60	2807.72
c. Power & Fuel	10903.10	11017.02	11137.86	11351.23	11498.06	11555.22
d. Factory Wages & Salary	3707.34	3764.83	3833.95	3938.39	4018.10	4035.72
e. Other Manufacturing Expenses	819.02	891.32	1117.99	1220.19	1310.12	1395.11
f. Depreciation	1803.67	1710.67	1626.35	1549.03	1477.50	1410.85
Sub Total	**91514.31**	**92136.07**	**93414.94**	**94648.17**	**95539.49**	**96637.28**
ADD:Opn.stocks-in process	238.00	381.31	383.90	389.23	394.37	398.08
LESS:Cls.stocks-in-process	381.31	383.90	389.23	394.37	398.08	402.66
Cost of Production	**91371.00**	**92133.48**	**93409.61**	**94643.03**	**95535.78**	**96632.71**
ADD: Opn.Stock of Fin.Goods	6572.00	6243.69	6257.40	6344.07	6427.84	6488.47
LESS:Cls.Stock of Fin.Goods	6243.69	6257.40	6344.07	6427.84	6488.47	6562.97
Total Cost of Sales	**91699.32**	**92119.77**	**93322.94**	**94559.26**	**95475.14**	**96558.21**
Gross Profit	5807.42	7268.85	8053.44	8844.65	9996.85	11023.23
Selling, General & Adm. Overheads	1269.29	1283.96	1307.71	1329.74	1349.66	1370.96
Operating Profit before Interest	**4538.13**	**5984.89**	**6745.73**	**7514.91**	**8647.18**	**9652.26**
Interest	1036.24	1165.84	1164.02	1164.00	1164.00	1164.00
Operating Profit after Interest	**3501.88**	**4819.05**	**5581.71**	**6350.91**	**7483.18**	**8488.26**
Add Other Non-Operating Income	127.05	133.40	140.07	147.08	154.43	162.15
Profit Before Tax/Loss	**3628.93**	**4952.45**	**5721.79**	**6497.98**	**7637.61**	**8650.41**
Provision for Taxes	596.85	642.50	670.25	690.03	727.49	744.84
Deferred Tax Liability	-156.92	-168.93	-176.22	-181.42	-191.27	-195.83
Profit After Tax/Loss	**2875.16**	**4141.03**	**4875.31**	**5626.53**	**6718.86**	**7709.74**

Discounted Cash Flow Method Of Valuation

Rs. In lakhs

PARTICULARS Fig in Lakhs	2025 Estimated	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected
PAT	718.79	4,141.03	4,875.31	5,626.53	6,718.86	7,709.74
Add: Interest	193.86	872.40	871.04	871.02	871.02	871.02
Add: Depreciation	450.92	1,710.67	1,626.35	1,549.03	1,477.50	1,410.85
Cashflow from Operations	**1,363.56**	**6,724.10**	**7,372.70**	**8,046.58**	**9,067.37**	**9,991.61**
Less: Working capital change	1,271.42	2,487.71	(1,733.66)	2,594.87	853.59	1,643.20
Free Cash Flow for Firm	**92.15**	**4,236.39**	**9,106.36**	**5,451.71**	**8,213.78**	**8,348.41**
Year	0.25	1.25	2.25	3.25	4.25	5.25
Present Value of future cash flows at WACC	**88.74**	**3,510.22**	**6,491.65**	**3,343.60**	**4,334.07**	**3,789.90**
Sum of Present Value of future cash flows						**21,558.18**
Growth rate						2%
Terminal Value						59,829.12
Present value of Terminal Value						27,160.41
Value to Enterprise						48,719
Less: Debt						428
Value to Shareholders						**48,290**
Less: Discount for Lack of Control (DLOC) @ 15%						**7,244**
Value to Shareholders for marketable Non - controlling stake						**41,047**
No. of Equity Shares						586
Value per Equity Share (rounded off)						**70.04**