



Independent Auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020, as amended from time to time ('the SEBI circular'), and section 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

To
The Board of Directors,
NMDC Limited,
10-3-311/A, Khanij Bhavan
Castle Hills
Masab Tank
Hyderabad-500028

1. We, the statutory auditors of NMDC Limited the Company ('the Company' or 'the Demerged Company'), have examined the proposed accounting treatment specified in Clause 4.1 & 4.2 of Part B of the draft scheme of arrangement (hereinafter referred to as the 'Draft Scheme') between the company, and NMDC Steel Limited ('the Resulting Company') and their respective shareholders and creditors in terms of the provisions of the **Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act')** the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the rules') with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. The proposed accounting treatment specified in Clause 4.1 & 4.2 of Part B of the Draft Scheme, as attached herewith in Appendix I, has been initialed and stamped by us for identification purpose only.

Management's Responsibility

2. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI circular, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the relevant National Company Law Tribunal or the Ministry of Corporate Affairs, the SEBI, the BSE Limited, the National Stock Exchange of India Limited & the Calcutta Stock Exchange Limited (hereinafter referred to as 'the Stock Exchanges').



Auditor's Responsibility

4. Pursuant to the requirements of the relevant laws and regulations, it is our responsibility to provide a reasonable assurance as to whether the proposed accounting treatment specified in Clause 4.1 & 4.2 (Part B) of the Draft Scheme complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular and the applicable accounting standards and other generally accepted accounting principles.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

Opinion

7. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in Clause 4.1 & 4.2 (Part B) of the Draft Scheme, as attached herewith in Appendix I and stamped by us for identification only, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles in India.

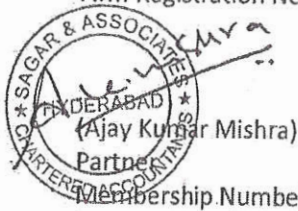
Restriction on use

8. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, Section 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the Ministry of Corporate Affairs. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.



9. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the SEBI, the stock exchanges and the Ministry of Corporate Affairs. Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Sagar & Associates
Chartered Accountants
Firm Registration No: 003510S



Membership Number: 205468
UDIN: 21205468AAAABE3369

Place: Hyderabad
Date: 13.07.2021



एन एम डी सी



NMDC

एन एम डी सी लिमिटेड NMDC Limited

(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.

Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

नैसर्ग पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674

Appendix I

EXTRACT OF ACCOUNTING TREATMENT

Part B : TRANSFER AND VESTING OF DEMERGED UNDERTAKING FROM DEMERGED COMPANY TO RESULTING COMPANY

Clause 4 Accounting Treatment

4.1 Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Demerged Company and the Resulting Company shall give effect to the accounting treatment in its books of account in accordance with the standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.

4.2 Accounting treatment in the books of the Demerged Company:

- i. Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company shall account for the demerger of the Demerged Undertaking in its books of account in the following manner:
 - A. The Demerged Company shall transfer all the assets and liabilities pertaining to the Demerged Undertaking as on the Appointed date at the values appearing in its books of account (i.e., the book value) at the Appointed Date to the Resulting Company. Accordingly, the Demerged Company shall reduce from its books of account, the book values appearing on such date in accordance with the provisions of Section 2(19AA) of the IT Act.
 - B. Having recorded the transfer of the assets and liabilities, as aforesaid, the Demerged Company shall make necessary adjustments for the sake of compliance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, specifically Ind AS 10 Appendix A 'Distribution of Non-cash assets to Owners'.

For NMDC Limited

(A S Pardha Saradhi)
Company Secretary





N G RAO & ASSOCIATES
CHARTERED ACCOUNTANTS

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98491 35573

Independent Auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI Circular No. SEBI/HO/CFD/DIL 1/CIR/P/2020/249 dated 22 December 2020, as amended from time to time ('the SEBI circular'), and section 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

To
The Board of Directors,
NMDC Steel Limited,
C/o NMDC Iron & Steel Plant
Post: Nagarnar
District-Bastar-494001

1. We, the statutory auditors of NMDC Steel Limited ('the Company' or 'the Resulting Company'), have examined the proposed accounting treatment specified in Clause 4.1 & 4.3 of Part B of the draft scheme of arrangement (hereinafter referred to as the 'Draft Scheme') between the Company, and NMDC Limited ('the Demerged Company') and their respective shareholders and creditors in terms of the provisions of **Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act')**, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the rules') with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. The proposed accounting treatment specified in Clause 4.1 & 4.3 of Part B of the Draft Scheme, as attached herewith in Appendix I, has been initiated and stamped by us for identification purpose only.

Management's Responsibility

2. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI circular, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the Ministry of Corporate Affairs, the SEBI, and the BSE Limited, and the National Stock Exchange of India Limited the Calcutta Stock Exchange Limited (hereinafter referred to as 'the Stock Exchanges').



H.No. 6-3-1186/A/6, (New No. 325),
2nd Floor, Chinna Balreddy Building,
Adjacent Lane to ITC Kakatiya Hotel,
Begumpet, Hyderabad-500 016.

D.No. 39-16-4B/S
Garuda Hotel Lane,
Labbipet,
Vijayawada - 520 010.

H.No. 8-22-5/1, FF3
Neeladri Towers, Pattabi Street,
Gandhi Nagar,
Kakinada - 533 004.

Auditor's Responsibility

4. Pursuant to the requirements of the relevant laws and regulations, it is our responsibility to provide a reasonable assurance as to whether the proposed accounting treatment specified in Clause 4.1 & 4.3 (Part B) of the Draft Scheme complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular and the applicable accounting standards and other generally accepted accounting principles.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements, issued by the ICAI.

Opinion

7. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in Clause 4.1 & 4.3 (Part B) of the Draft Scheme, as attached herewith in Appendix I and stamped by us for identification only, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles in India.

Restriction on use

8. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, Section 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the Ministry Corporate Affairs. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.



9. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the SEBI, the stock exchanges and the Ministry Corporate Affairs. Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For M/s. N G Rao & Associates
Chartered Accountants
FRN.09399S

M V V Sivaramayya

(M V V Sivaramayya)
Partner
Membership Number: 229564
UDIN:21229564AAAAAG1315



Place: Hyderabad
Date: 13.07.2021

एन एम डी सी स्टील लिमिटेड

(भारत सरकार का उद्यम एन एम डी सी लिमिटेड की एक पूर्णस्वामित्व सहायक कंपनी)

NMDC STEEL LIMITED

(A wholly owned subsidiary of NMDC Limited)

C/o NMDC Iron & Steel Plant, Post: Nagarnar, Distt.-Bastar-494001(C.G)

CIN: U27310CT2015GOI001618

Appendix I

EXTRACT OF ACCOUNTING TREATMENT

Part B : TRANSFER AND VESTING OF DEMERGED UNDERTAKING FROM DEMERGED COMPANY TO RESULTING COMPANY

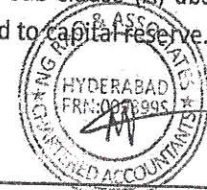
Clause 4 Accounting Treatment

4.1 Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Demerged Company and the Resulting Company shall give effect to the accounting treatment in its books of account in accordance with the standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.

4.3 Accounting treatment in the books of the Resulting Company:

i. Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Resulting Company shall account for the demerger, in its books of accounts such that:

- A. The Resulting Company shall record the assets and liabilities of the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at their respective book values as appearing in the books of account of the Demerged Company immediately before the Appointed Date in accordance with the provisions of section 2(19AA) of the IT Act.
- B. The Resulting Company shall credit its equity share capital account with the face value of New Shares issued in accordance with Clause 3.1 of Part B.
- C. The difference between the value of new equity shares issued under Clause 3.1 of Part B and the face value of New Shares Issued by the Resulting Company if any, will be credited to securities premium account of the Resulting Company.
- D. The difference between the value of new equity shares issued under Clause 3.1 of Part B and the aggregate values of Net Assets (refer sub-clause (A) above) shall be debited to goodwill or as the case may be credited to capital reserve.



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ई-मेल / E-mail : hofinance@nmdc.co.in



एन एम डी सी स्टील लिमिटेड

(भारत सरकार का उद्यम एन एम डीसी लिमिटेड की एक पूर्णस्वामित्व सहायक कंपनी)

NMDC STEEL LIMITED

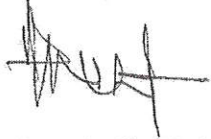
(A wholly owned subsidiary of NMDC Limited)

C/o NMDC Iron & Steel Plant, Post: Nagarnar, Distt.-Bastar-494001(C.G)

CIN: U27310CT2015GOI001618

- E. Having recorded the transfer of the assets and the liabilities as aforesaid and after receiving the relevant information on the fair values of assets acquired and liabilities assumed, the Resulting Company shall, to comply with the provisions of Indian Accounting Standards and more specifically Ind AS 103, 'Business Combinations', notified under Section 133 of the Act, read with the rules made thereunder and other Generally Accepted Accounting Principles, make necessary accounting adjustments, such that all identifiable assets acquired and liabilities assumed (including assets and liabilities not specifically recognized by the Demerged company in its financial statements) are reflected at their Appointed Date fair values within the measurement period specified in the said Ind AS 103 and corresponding adjustment shall be made to goodwill and / or capital reserve as computed in subclause (D) above.

For NMDC Steel Limited



(Amitava Mukherjee)
Director
DIN:08265207

