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The Committee of Directors
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Mercantile Chambers
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The Committee of Directors
Binani Metals Limited
Mercantile Chambers
12, J. N. Heredia Marg
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3 July 2015

Dear Sirs,

Re: Recommendation of Fair Exchange Ratio of Equity Shares for the proposed amalgamation of Binani Metals Limited into Binani Industries Limited

We refer to our appointment by Binani Industries Limited ("BIL") and Binani Metals Limited ("BML") (jointly referred to as the "Companies") as an independent valuer to recommend the fair exchange ratio of equity shares to the Board of Directors of the Companies for the proposed amalgamation of BML with BIL.

I. Context and Purpose

a) We have been informed that the Board of Directors of BML and BIL are considering a proposal for the amalgamation of BML with BIL ("Transaction") with effect from April 1 2015 ("Appointed Date") as per the Draft Scheme of Amalgamation under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013, to the extent notified and applicable ("Scheme of Amalgamation"). Under the Scheme of Amalgamation, the shareholders of BML will be issued equity shares of BIL pursuant to share exchange ratio being approved. Further, the preference shareholders of BML will also be issued preference shares in BIL.

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b) In this regard, Walker, Chandiok & Co LLP (hereinafter referred to as "WCC" or the "Valuer") has been appointed to carry out the relative valuations of BML and BIL with a view to recommend a ratio of exchange of equity shares as of 31 March 2015 (herein referred to as the "Valuation Date") in the event of the above mentioned Transaction for the consideration of the Board of Directors of the Companies.

c) The information contained herein and our report is confidential. It is intended only for the sole use and information of the Companies, and only in connection with the proposed Scheme of Amalgamation as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Scheme of Amalgamation as aforesaid, can be done only with our prior permission in writing. This Share Exchange Report (the "Report") is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

II. Background Information

BML, a part of Braj Binani Group, incorporated in 1941, was previously engaged in the business of trading and as a commission agent for non-ferrous metals. At present, the company is engaged into the business of providing logistic solutions, media and publication services, business support service, trading in shares & securities and trading & export of goods. BML is listed on the Calcutta Stock Exchange Limited ("CSE"), however the trading activity of the company was suspended which was revoked effective from 2 July 2015 as per the notice from the CSE dated 1 July 2015.

BIL was founded to serve as the holding company for the Braj Binani Group (the "Group"), which underwent a restructuring exercise during 1996-2004. BIL comprises 4 key business areas - Cement, Zinc, Fibreglass and Infrastructure Construction which are undertaken by its subsidiaries and associate companies. The equity shares of BIL are listed on the Bombay Stock Exchange Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and Calcutta Stock Exchange Limited. The trading activity of the company on the CSE was suspended which was revoked effective from 2 July 2015 as per the notice from the CSE dated 1 July 2015. BIL as a holding company provides support relating to managerial, financial and infrastructural matters of its subsidiary companies.

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III. Share Capital Details

The following tables set out the details of the share capital of BML and BIL as of 31 March 2015 before the proposed amalgamation as provided by the managements of the Companies (the "Managements"):

BML

Particulars	Amount in Rs.
Authorized Share Capital	
40,000 Equity Shares of Rs. 1,000 each	40,000,000
40,000 8% Non- Cumulative Redeemable Preference Shares of Rs. 1,000 each	40,000,000
Total	**80,000,000**
Issued Share Capital	
35,514 Equity Shares of Rs. 1,000 each	35,514,000
29,800 8% Non- Cumulative Redeemable Preference Shares of Rs. 1,000 each	29,800,000
Total	**65,314,000**
Subscribed and Paid-up Share Capital	
35,432 Equity Shares of Rs. 1,000 each fully paid up	35,432,000
Add: Capital Suspense Account	200
Less: Calls-in-arrears	(18,700)
Sub-Total	35,413,500
29,800 8% Non-Cumulative Redeemable Preference Shares of Rs. 1,000 each fully paid-up	29,800,000
Total	**65,213,500**

BIL

Particulars	Amount in Rs.
Authorized Share Capital	
40,000,000 Equity Shares of Rs. 10 each	400,000,000
12,000,000 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 100 each	1,200,000,000
Total	**1,600,000,000**
Issued, Subscribed and Fully Paid-up Share Capital	
29,596,425 Equity Shares of Rs. 10 each fully paid-up	2,95,964,250
Add: Amount paid-up on forfeited shares	187,500
Sub- Total	296,151,750
12,000,000 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 100 each	1,200,000,000
Total	**1,496,151,750**

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Valuation Methodologies

The Scheme of Amalgamation contemplates amalgamation of the Companies under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013 (to the extent notified and applicable). Arriving at the fair exchange ratio of equity shares for the proposed amalgamation would require determining the relative values of the concerned businesses and shares of the Companies. These values are to be determined independently but on a relative basis, and without considering the effect of the proposed amalgamation.

Accordingly, we have carried out a relative valuation of the shares of BML and BIL in order to determine the fair exchange ratio of equity shares for the proposed amalgamation.

There are several commonly used and accepted methods for determining the fair share exchange ratio for the proposed amalgamation, which have been considered in the present case, to the extent relevant and applicable.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

1. Market Based

- *Market Price Method*

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of BIL are listed on the BSE, NSE and CSE. The trading of BIL shares was suspended on the CSE till 2 July 2015. However, there are regular transactions in its equity shares with adequate volumes on the BSE and NSE. For determining the value of BIL under the market price methodology, the share price observed on NSE over a reasonable period have been considered as the traded turnover of shares of BIL on NSE is higher than that on BSE.

While BML is also listed on the CSE, the trading of BML shares was suspended from 21 March 2014 to 1 July 2015 and hence we have not considered this method for the valuation of equity shares of BML.

- *Market Multiple Method*

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

The difficulty here is in the selection of comparable companies since it is rare to find two or more companies with the same product/service portfolio, size, business strategy, geography of operations which impacts the margins in this industry, and accounting practices.

BML is a service provider and is currently involved in providing services to the Group companies as well as carrying out trading in stocks and securities. It is therefore difficult to identify closely comparable listed companies in India due to diversified business mix offered by the company. Accordingly, for our analysis we have not considered Market Multiple method for BML.

Further, BIL is a holding company having marginal operations on a standalone basis and hence due to the lack of availability of closely comparable listed companies of the same size, stage and operations, we have not considered this method for the valuation of BIL.

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2. Asset Based

- *Net Asset Value Method (NAV)*

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. Therefore, we have used the NAV methodology for valuing both the Companies.

We have computed the Net Asset Value of equity shares of BML and BIL as per their respective audited consolidated Balance Sheets as at 31 March 2015. Adjustments as applicable have been made for Contingent Liabilities and other matters.

The Net Asset Value of BIL on a consolidated basis as per its audited Balance Sheet as at 31 March 2015 is negative and hence we are unable to apply NAV methodology for BIL.

3. Income Based

- *Discounted Cash flow Method (DCF)*

Under the DCF method, forecasted cash flows for a reasonably long period are discounted back at an appropriate discount rate, to the present date, generating a net present value for the cash flow stream of the business during the forecast period. The rates at which future cash flows are discounted reflect not only the time value of the cash flows but also the risk associated with the business' future operations. Typically under this method, forecasted cash flows are developed based on several inputs which tend to be subjective particularly for dynamic companies.

As mentioned earlier, BML currently provides services to the Group companies as well as carrying out trading in stocks & securities. Accordingly, the future revenues of the company cannot be estimated with reasonable accuracy. Hence, we have not considered valuation under the DCF method.

BIL is a holding company of the Group and its main sources of revenues are Management Support Services and Royalty from subsidiary companies along with dividend from investments and interest from securities. The future revenue stream from these activities is difficult to project and hence we have not used DCF method for valuation of BIL.

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BML and BIL Valuation

The fair basis of valuation has to be determined after taking into consideration all the relevant factors relating to the Companies, the industry and the methodologies mentioned hereinabove. As discussed above, we have estimated the value of the Companies using the Net Assets Value Method and the Market Price Method.

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

Under the Scheme of Amalgamation, as a consideration for the merger, in relation to the preference shareholders of BML, BIL would issue 10 (Ten) fully paid up 0.01% Non-cumulative Redeemable Preference Shares of Rs. 100 each for every 1 (One) 8% Non-cumulative Redeemable Preference Shares of Rs. 1,000 each held by preference shareholders in BML.

V. Sources of Information

For the purposes of the valuation exercise, we have relied upon the following sources of information:

- Audited standalone financial statements for the year ending 31 March 2013 and 31 March 2014 of BML & BIL;
- Audited consolidated and standalone financial statements for the year ending 31 March 2015 of BML & BIL;
- Draft Scheme of Amalgamation under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and /or the Companies Act, 2013 (to the extent notified and applicable) and
- Published and Secondary sources of data either provided by the Management of BML & BIL or procured from public domain.

The Companies have been provided with the opportunity to review the draft report (excluding the recommended ratios) for this engagement to make sure that factual inaccuracies are avoided in our final report.

VI. Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, audit, and financial due diligence review, consulting, transfer pricing or domestic tax-related services that may otherwise be provided by WCC.

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This report, its contents and the results herein (i) are specific to the purpose of valuation agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are based on the data detailed in Para V, the Sources of Information . A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of 2 July 2015. Events occurring after this date may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this report only represent our recommendation based upon information available in the public domain, limited information provided by the Companies and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this report.

In the course of the valuation, we have assumed and relied upon, without independently verifying the accuracy of the information that was publicly available and formed a substantial basis for this report. In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information available in the public domain. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financial statements.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited balance sheet of the Companies.

This report does not look into the business / commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation / enquiry of the Companies' claim to title of assets has been made for the purpose of this report and the Companies' claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

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We owe responsibility only to the Boards of Directors of BML & BIL under the terms of our engagement, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of India.

Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Amalgamation, without our prior written consent. In addition, this report does not in any manner address the prices at which BIL's shares will trade following the announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Amalgamation.

VII. Exchange Ratio

On consideration of all the relevant factors as discussed and outlined hereinabove, in our opinion, the fair equity share exchange ratio for the proposed amalgamation of BML with BIL would be 50 (Fifty) fully paid up equity shares of face value of Rs. 10 each of BIL for every 1 (One) fully paid up equity share of face value of Rs. 1,000 each of BML.

Further, for every 1 (One) 8% Non-cumulative Redeemable Preference Shares of Rs. 1,000 each held by preference shareholders in BML, BIL would issue 10 (Ten) fully paid up 0.01% Non-cumulative Redeemable Preference Shares of Rs 100 each.

Yours faithfully,

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N/N500013

Huned Contractor
Partner
Membership No.: 041456