SAGAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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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' 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').

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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, we confirm that the accounting treatment contained 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 1956/ Companies Act, 2013 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.

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9. This certificate is issued at the request of NMDC Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to BSE Limited, Calcutta Stock Exchange Limited and the National Stock Exchange of India Limited. This certificate should not be used for any other purpose without our prior written consent.

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

SAGAR & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS

(Ajay Kumar Mishra)
Partner
Membership Number: 205468
UDIN:21205468AAAABJ1733

Place: Hyderabad
Date: 03.09.2021

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

NMDC LTD. Hyderabad.

SAGAR & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS