Annexure - 12

SAGAR & ASSOCIATES
CHARTERED ACCOUNTANTS

H.O.: H No. 6-3-244/5, Sarada Devi Street, Prem Nagar, Hyderabad - 500 004
Phone: 040 - 2330 3371, 2339 55 88
Fax : 040 - 2339 0151
E-mail : sagarandassociates@yahoo.co.in
E-mail : sagarandassociates.ca@gmail.com
GST No. TS : 36AAJFS7295N1Z8
AP : 37AAJFS7295N2Z5

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

Independent auditor's certificate on non-applicability of paragraph A(10)(a) and A(10)(b) of Part I of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by the Securities and Exchange Board of India (the 'SEBI')

1. The Management of NMDC Limited (the "Company") has prepared the accompanying undertaking approved by the Board of Directors of the Company at its meeting held on 13 July 2021 ('the Undertaking') pursuant to paragraph A(10)(c) of Part I of Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by the SEBI (the 'SEBI Circular') stating the reasons for non-applicability of requirements prescribed under paragraph A(10)(a) and A(10)(b) of Part-I of the SEBI Circular in connection with the Scheme of Arrangement between NMDC Limited (the 'Demerged Company') and NMDC Steel Limited (the 'Resulting Company') and their respective shareholders and creditors (the 'Draft Scheme') in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 (the 'Act') and other relevant provisions and rules made thereunder. We have initialed the Undertaking only for identification purposes.

Management's Responsibility for the Undertaking

2. The preparation of the Undertaking is the responsibility of the management of the company including the preparation and maintenance of all accounting and other relevant supporting records and documents in relation to the Draft Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Undertaking, 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 all the requirements of the SEBI circular and the Act in relation to the Draft Scheme and for providing all the information to the SEBI, the BSE Limited (the "BSE"), the National Stock Exchange of India Limited (the NSE') and the Calcutta Stock Exchange Limited ("the CSE").

Auditor's Responsibility

4. Pursuant to the requirements of the SEBI Circular, it is our responsibility to express a reasonable assurance, in the form of an opinion, based on our examination of the Draft Scheme as to whether the requirements of paragraph A(10)(a) and A(10)(b) of Part-I of the SEBI Circular are applicable to the Draft Scheme.

SAGAR & ASSOCIATES * HYDERABAD * CHARTERED ACCOUNTANTS

NMDC LTD. Hyderabad.

Independent auditor's certificate on non-applicability of paragraph A(10)(a) and A(10)(b) of Part-I of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by the Securities and Exchange Board of India (the 'SEBI')

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 Assurances and Related Services Engagements, issued by the ICAI.

Opinion

7. Based on our examination of the Draft Scheme, and according to the information and explanations provided to us, along with the representations provided to us by the management, in our opinion, the requirements of paragraph A(10)(a) and A(10)(b) of Part-I of SEBI Master Circular are not applicable to the Draft Scheme for the reasons stated in the Undertaking.

Restriction on distribution or 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 Circular. 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 addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling them to comply with the requirement of the SEBI Circular, which require them to submit the certificate along with the accompanying Undertaking, duly approved by the Board of Directors of the Company, for onward submission to the BSE, the NSE and the CSE 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's Registration No: 003510S

(Vijay Kumar Mishra)
Partner
Membership Number: 205468
UDIN:21205468AAAABH3309
Place: Hyderabad
Date: 13.07.2021

NMDC LTD. Hyderabad.

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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.
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नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674

Undertaking in relation to non-applicability of paragraph A (10)(a) read with Para A(10)(b)/(c) of Part I of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 in relation to the Scheme of Arrangement of NMDC Limited and NMDC Steel Limited and their respective shareholders and creditors

This is in connection with the Scheme of Arrangement ("**Scheme**") between NMDC Limited ("**NMDC**" or "**Demerged Company**"), a government company, and its wholly owned subsidiary company NMDC Steel Limited ("**Resulting Company**" or "**WOS**") and their respective shareholders and creditors under Sections 230-232 of the Companies Act 2013 ("**CA 13**") read with Section 66 and other applicable provisions of the Companies Act, 2013. Pursuant to Para A(10)(a) of Part-I of the SEBI Master Circular, it is mandated for listed companies to ensure that the Scheme submitted with the Hon'ble National Company Law Tribunal (for government companies, the Ministry of Corporate Affairs, Government of India), for sanction, provides for voting by public shareholders through e-voting after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution.

NMDC Limited hereby undertakes that the requirements stated at Para A (10)(a) read with Para A(10)(b)/(c) of Part-I of the SEBI Master Circular i.e. approval by public shareholders through e-voting, is not applicable to the Scheme, for the following reasons:

1. **Para A(10)(b)(i) of Part-I**: Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity.

Reason for non-applicability -

The scheme does not envisage any allotment of additional shares to Promoter/ Promoter Group, Related party of Promoter or Promoter Group, Associates of Promoter or Promoter Group, Subsidiary/(s) of Promoter I Promoter Group, of the Listed entity i.e. NMDC other than the shares to be issued by the Resulting Company to all shareholders/members of NMDC as per the Share Entitlement Ratio provided in Clause 3 of Part B of the Scheme, in discharge of the consideration for transfer of the "Demerged Undertaking" of NMDC to the Resulting Company.

Fact pattern upon demerger coming into effect:

- **Issue of shares by the Resulting Company to the existing members of the Demerged Company** - The Resulting Company shall issue and allot equity shares on a proportionate basis to each member of the Demerged Company whose name is recorded in the register of members of the Demerged Company as holding equity shares as on the Record Date, as per the share entitlement ratio provided in clause 3 of Part B of the Scheme i.e. [1] ([One]) equity share of Resulting Company of face value of INR 10 each fully paid up shall be issued for every [1] ([One]) equity share of INR 1 each fully paid up held in NMDC.
- **Cancellation of the equity shares held by the Demerged Company in the Resulting Company** - Simultaneous with the issuance of equity shares by the Resulting Company to the members of the Demerged Company, the existing equity shares of the Resulting Company held by the Demerged Company and its nominee will be cancelled. This will ensure that shareholding pattern of the Resulting Company is identical and mirror image of the Demerged Company.

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Accordingly, it is evident from the above that all the members of the Demerged Company would get equity shares in the Resulting Company in proportion to their entitlement as per Share Entitlement Ratio captured in Clause 3 of Part B of the Scheme and there would be no allotment of additional shares to Promoter/ Promoter Group, Related party of Promoter or Promoter Group, Associates of Promoter or Promoter Group, Subsidiary/(s) of Promoter I Promoter Group, of the Listed entity i.e. NMDC.

2. **Para A(10)(b)(ii) of Part-I**: Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter/ Promoter Group, Related Parties of Promoter I Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter I Promoter Group

Reason for non-applicability –

The scheme envisages demerger of "**Demerged Undertaking**" (as defined in the Scheme) of NMDC and transfer and vesting thereof into the Resulting Company, and thus, the Scheme does not involve any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of NMDC.

Fact pattern upon demerger coming into effect:

- The Resulting Company is incorporated as a wholly owned subsidiary of NMDC and therefore the Resulting Company is not part of the Promoter/ Promoter Group of the Demerged Company as the relationship is only through the Demerged Company.

- As mentioned in para (1) above, the Resulting Company shall issue and allot fully paid up equity shares as per the Share Entitlement Ratio captured in clause 3 of Part B of the Scheme to each member of the Demerged Company. Subsequent to issuance of such equity shares by the Resulting Company to the members of the Demerged Company, the existing equity shares of the Resulting Company held by the Demerged Company and its nominee will be cancelled, which will ensure that shareholding pattern of the Resulting Company is identical and mirror image of the Demerged Company. In such a case, benefits, if any, of the Scheme shall be to the advantage of all the shareholders of the Demerged Company.

- Since all the members of the Demerged Company are being issued equity shares of the Resulting Company, the benefits of the Scheme would accrue to the advantage of all the members of the Demerged Company. Thus, the objective of safeguarding the interest of the minority shareholders is met in this case.

3. **Para A(10)(b)(iii) of Part-I**: Where the parent listed entity has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promote / Promoter Group, Related Parties of Promoter I Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter I Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme.

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Reason for non-applicability –

Resulting Company is incorporated as a wholly owned subsidiary company of NMDC. Further, NMDC has not acquired, either directly or indirectly, any equity shares of the Resulting Company from any shareholder of the Resulting Company, who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of NMDC.

Also, the Scheme does not envisage the merger of NMDC and the Resulting Company.

4. **Para A(10)(b)(iv) of Part -I**: Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity.

Reason for non-applicability –

The Scheme does not envisage merger of unlisted entity with the listed entity and therefore, the question of any reduction in the voting share of pre-scheme public shareholders of NMDC and the Resulting Company, by more than 5% of the total capital of the merged entity, does not arise at all.

5. **Para A (10)(b)(v) of Part-I**: Where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares:

Reason for non-applicability –

The Scheme envisages demerger of **"Demerged Undertaking"** (as defined in the Scheme) of NMDC and transfer and vesting thereof into the Resulting Company.

As per the SEBI Circular, for the purpose of para A(10)(b)(v) of Part-I, the expression "substantially the whole of the undertaking" in any financial year shall mean 20% or more of value of the Company in terms of consolidated net worth or consolidated total income during previous financial year as specified in section 180(1)(a)(i) of the CA 13.

However, given that the Shares to be issued/allotted by the Resulting Company to the members of NMDC as per share entitlement ratio captured in clause 3 of the Scheme, shall be listed, hence since the consideration for the transfer of the Demerged Undertaking is in the form of listed equity shares, the provisions of this paragraph do not apply.

For and on behalf of the Board of Directors of NMDC Limited

Name: SUMIT DEB

Designation: Chairman and Managing Director

Place: New Delhi

Date:13.07.2021

SAGAR & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS

NMDC LTD. Hyderabad.