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05 May 2021

<b>Board of Directors</b>  <b>Maithan Alloys Limited</b> 4th floor, 9 AJC Bose road, Kolkata, West Bengal	<b>Board of Directors</b>  <b>Ma Kalyaneshwari Holdings Private Limited</b> 4th floor, 9 AJC Bose road, Kolkata, West Bengal
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**Sub: Report pertaining to recommendation of Share Exchange Ratio for the proposed amalgamation of Ma Kalyaneshwari Holdings Private Limited into Maithan Alloys Limited ("Proposed Transaction")**

Dear Sirs,

We refer to our engagement letter, dated 03 May 2021 whereby Ma Kalyaneshwari Holdings Private Limited ("MKHPL") and Maithan Alloys Limited ("MAL") (together referred to as the "Client(s)" or "Companies" or "You") have requested KPMG Valuation Services LLP ("KPMG" or "we" or "us") to issue a report containing recommendation of a fair share exchange ratio of equity shares to be issued for the Proposed Transaction defined hereinafter, as on 5 May 2021 (hereinafter referred to as the "Valuation Date") pursuant to a Composite Scheme of Arrangement ("**Scheme**") under provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 (the "Engagement") and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including the Master Circular (SEBI/HO/CFD/DIL1/CIR/P/2020/249) dated December 22, 2020 issued by the Securities and Exchange Board of India ("**Master Circular**").

**A. BACKGROUND OF THE COMPANIES**

**Ma Kalyaneshwari Holdings Private Limited ("MKHPL")**

MKHPL is registered as a non-banking finance company ("**NBFC**") with the Reserve Bank of India ("**RBI**") having its registered office in Kolkata, West Bengal. MKHPL is engaged in:

- Real Estate and Ancillary Business ("**REAB**") – business of owning and maintenance of immovable properties for leasing / sale purposes. It also carries out financing activities to acquire real estate.
- Remaining Business – comprises of holding investments including purchase and sale of shares/ stocks/ bonds/ debentures/ mutual funds and other securities etc. including shares held in MAL. As on the Valuation Date, MKHPL held investments only in Maithan Alloys Limited ("**MAL**").



The issued, subscribed, and paid-up capital of MKHPL comprises 31,257,430 equity shares of INR 10/- each, fully paid up.

### **Maithan Alloys Limited (“MAL”)**

MAL manufactures and exports ferro alloys and also offers ferro silicon, ferro manganese, and silicon manganese products. MAL is also involved in the generation and supply of wind power. MAL was incorporated in 1985 and is based in Burdwan, West Bengal. The equity shares of MAL are listed on National Stock Exchange of India, Calcutta Stock Exchange, and other permitted category of the Bombay Stock Exchange. As at Valuation Date, MKHPL holds 17,270,176 equity shares of face value Rs 10 representing 59.32 per cent equity stake in MAL.

The issued, subscribed, and paid-up capital of MAL comprises 29,111,550 equity shares of INR 10/- each, fully paid up. We further note that out of the said equity shares 25.01 per cent are held by public.

### **Anjaney Land Assets Private Limited (“ALAPL”)**

ALAPL is engaged in the business of owning and maintenance of immovable properties for leasing/ sale purposes. Presently, 100% of share capital of ALAPL is held by MKHPL and its nominees.

## **B. TRANSACTION BACKGROUND**

The Board of Directors of Clients are contemplating a consolidation exercise / reorganization of business within the group which will, *inter alia*:

### **Step 1:**

Demerge the REAB business of MKHPL into ALAPL with mirror shareholding.

### **Step 2:**

Merge the demerged entity (i.e. MKHPL excluding REAB business) (“**Demerged Entity**”) with MAL.

The above Step 2 to be carried out in accordance with the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions, of the Companies Act, 2013, and applicable Securities and Exchange Board of India (“**SEBI**”), the relevant stock exchanges’, including the rules and regulations issued thereunder, as may be applicable.

Any further reference, in this report hereinafter to MKHPL shall be construed as reference to the Demerged Entity.

Step 2 shall be referred to as “Proposed Transaction”.



### C. SCOPE AND PURPOSE OF THE VALUATION REPORT

KPMG have been requested by the Board of Directors of the Company to submit a valuation report (“**Valuation Report**” or “**Report**”) recommending the fair share exchange ratio for amalgamation of MAL and MKHPL, referred as “**Share Exchange Ratio**.”

It is clarified that reference to this Valuation Report in any document and/ or filing with tribunal/ judicial/ regulatory authorities/ government authorities/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Boards of Directors of the Companies.

The Report will be used by the Companies only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

The scope of our services is to recommend the Share Exchange Ratio pursuant to the Proposed Transaction, in accordance with generally accepted professional standards and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (amended up to January 08, 2021).

This Valuation Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

### D. SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the following information from the management of the Companies (“**Management**”):

- Carved out balance sheet of MKHPL as at Valuation Date;
- Shareholding structure of MKHPL and MAL as at Valuation Date;
- Draft Composite Scheme of Arrangement
- Other information, explanations and representations that were required and provided by the Management;
- Such other analysis, review, and enquiries, as we considered necessary.

We have taken into consideration all the facts made known to us till the date of our Valuation Report. Further, we have been informed that all material information impacting the Clients have been disclosed to us. The Management has further confirmed to us that there are no





unusual/ abnormal events in the Clients since the last audited accounts till the Valuation Report date materially impacting their operating/ financial performance.

The Managements have been provided with the opportunity to review the draft Valuation Report (excluding the recommended fair value) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

#### **E. DISCLOSURE OF INTEREST/ CONFLICT**

- KPMG is not affiliated to the Clients in any manner whatsoever.
- KPMG does not have a prospective interest in the business which is the subject of this Valuation Report.
- KPMG's fee is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this Valuation Report.

#### **F. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to the date of this Report. An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, and other conditions in general and industry trends as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof 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. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

This Report is based upon information till date, furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Companies)





chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuer.

In accordance with the terms of our engagement, we have assumed and relied upon, (i) the accuracy of the information that was publicly available, these sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any such data, opinions or estimates that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context and (ii) the accuracy of information made available to us by the Companies. 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 provided to us. 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 financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Report assumes that the Companies/Clients complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us. Our conclusion assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No

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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.

This Report does not look into the business/ commercial reasons behind the restructuring proposed nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not examined or advised on accounting, legal or tax matters involved in the Proposed Transaction.

The fee for the engagement is not ad valorem to the value of the asset being valued or success fee.

We owe responsibility to only the Boards of Directors of the respective Companies that have appointed us under the terms of our engagement letter and nobody else. We do not accept any liability to any third party in relation to the issue of this Report. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies, their directors, employees or agents. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. The Board of Directors are the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. I/we do not take any responsibility for the unauthorized use of this report.

It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the 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 Scheme/Transaction, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.



## G. BASIS OF THE PROPOSED TRANSACTION

MKHPL, as on the date of this report, holds 17,270,176 equity shares of face value of INR 10 each fully paid-up in MAL. Upon the Scheme becoming effective, pursuant to amalgamation of MKHPL with MAL, the entire shareholding of MKHPL in MAL will be cancelled and the shareholders of MKHPL would be issued same number of fully paid-up equity shares of MAL which is currently held by MKHPL in MAL, in proportion to their holding in MKHPL. Pursuant to the amalgamation, there would be no change in the paid-up share capital of MAL. As mentioned above, post-amalgamation, the shareholders of MKHPL will hold the same number of equity shares as MKHPL held in MAL. Consequently, there is no impact on the shareholding pattern of other shareholders of MAL and therefore no valuation of MAL and of MKHPL is required.

Upon the Scheme becoming effective, there is no additional consideration being discharged under the Scheme except same number of equity shares of MAL being issued to the shareholders of MKHPL in lieu of equity shares held by MKHPL in MAL (which will get cancelled). Thus, for every fresh issue of equity share of MAL to the shareholders of MKHPL, there is a corresponding cancellation of an existing MAL equity shares as held by MKHPL. Since, there is no issuance of additional equity shares by MAL, we are of the opinion that pricing provisions of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable in the subject case and we have therefore, not considered the same for our analysis. Further, the Scheme shall not have any adverse implications for MKHPL, MAL or public shareholders of MAL.

Accordingly, valuation approaches as indicated in the format as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

Management of MKHPL has given an undertaking that the cash / bank balance, including dividend, if any, received by MKHPL, and liquid investments in the books of MKHPL immediately prior to the Effective Date will be utilised to meet the costs, fees, charges, taxes including duties, levies and all other expenses (including stamp duties payable on issue of new shares) in relation to the proposed amalgamation. Further, in the event MKHPL is unable to bear any such expenses due to lack of sufficient funds (including cash / bank balance and liquid investment) in MKHPL, the shareholders of MKHPL will bear such expenses. Thus, MAL will not bear any expenses pursuant to the amalgamation.

We also understand that the shareholders of MKHPL shall indemnify and hold harmless MAL and its directors, officers, representatives, partners, employees and agents, excluding the Promoters (as defined under the Scheme) (hereinafter referred to as "**Indemnified Persons**") for losses, liabilities (including but not limited to tax liabilities), costs, charges, expenses



(whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interests and penalties discharged by Indemnified Persons which may devolve on Indemnified Persons on account of proposed amalgamation of MKHPL with MAL but would not have been payable by Indemnified Persons otherwise, in the form and manner as may be agreed amongst MAL and the shareholders of MKHPL.

**H. CONCLUSION – RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO**

Based on the above in the event of amalgamation of MKHPL with MAL, we recommend a fair share exchange ratio as follows:

*“17,270,176 equity shares of the face value of INR 10 each fully paid-up of MAL shall be issued and allotted as fully paid up to the equity shareholders of MKHPL in the proportion of their holding in MKHPL.”*

Method	MAL		MKHPL	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Cost Approach	NA	NA	NA	NA

NA – Not Applicable

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In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, the above Fair Share Exchange Ratio for amalgamation of MKHPL with MAL is fair and equitable considering that all the shareholders of MKHPL will, upon amalgamation, remain ultimate beneficial owners of MAL in the same ratio (inter-se) as they hold shares of MAL through MKHPL prior to amalgamation and that as mentioned hereinabove the interest of other shareholders in MAL remain unaffected.

Our Valuation Report is based on the current equity share capital structure of Clients and the proposed changes pursuant to the Proposed Transaction.

Respectfully submitted.

**For KPMG Valuation Services LLP**  
Registered Valuer Entity under Companies  
(Registered Valuers and Valuation) Rules, 2017  
IBBI Registration No. IBBI/RV-E//06/2020/115  
Asset class: Securities or Financial Assets



**Apurva Shah, Partner**  
**IBBI Registration No. IBBI/RV/05/2019/10673**  
Date: 05 May 2021