

**REPORT OF THE AUDIT COMMITTEE OF MAITHAN ALLOYS LIMITED  
RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT BETWEEN  
MA KALYANESHWARI HOLDINGS PRIVATE LIMITED (“DEMERGED COMPANY OR  
“TRANSFEROR COMPANY”) AND ANJANEY LAND ASSETS PRIVATE LIMITED (“RESULTING  
COMPANY”) AND MAITHAN ALLOYS LIMITED (“TRANSFEREE COMPANY” OR  
“COMPANY”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.**

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**Members Present**

Mr. N.K. Agarwal	-	Chairman (Non-Executive Independent Director)
Mr. P.K. Venkatramani	-	Member (Non-Executive Independent Director)
Mr. Subodh Agarwalla	-	Member (Executive Director)

**By invitation:**

Mr. Sudhanshu Agarwalla	-	President & CFO
Mr. D Choudhury	-	Representative of M Choudhury & Co. Statutory Auditors

**In attendance:**

Mr. Rajesh K. Shah	-	Company Secretary
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**1. Background**

- 1.1. The Audit Committee of the Company at its meeting held on May 5, 2021, has considered and reviewed the draft Composite Scheme of Arrangement (“Scheme”) proposed amongst Ma Kalyaneshwari Holdings Private Limited (“MKH” or “Demerged Company” or “Transferor Company”) and Anjaney Land Assets Private Limited (“ALAPL” or “Resulting Company”) and Maithan Alloys Limited (“MAL” or “Transferee Company” or “Company”) and their respective shareholders and creditors under the provisions of Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 (“Act”) read with relevant rules framed thereunder.
- 1.2. This report of the Audit Committee is made in order to comply with the requirements of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time and Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by the Securities and Exchange Board of India (“Circular”) regarding schemes of arrangement by listed entities and relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
- 1.3. Before the commencement of discussion on Agenda relating to the Scheme, Mr. Subodh Agarwalla, being an interested member recused himself from the meeting.

1.4. The following documents were placed before the Audit Committee:

a. Draft Scheme, duly initialled by the Chairman of the Audit Committee for the purpose of identification. The Scheme provides for:

- Demerger (as defined under the Scheme) of Real Estate and Ancillary Business (“REAB”) of MKH into ALAPL (“Part II of the Scheme”); and
- Amalgamation (as defined under the Scheme) of MKH with MAL (“Part III of the Scheme”)

b. Amalgamation Share Entitlement Report (as defined under the Scheme) dated May 5, 2021 issued by KPMG Valuation Services LLP, Registered Valuer (IBBI Registration No. IBBI/RV-E//06/2020/115, appointed for the purposes of Part III of the Scheme which involves Amalgamation of MKH with MAL;

c. Fairness Opinion Report (“Fairness Opinion”) dated May 5, 2021 issued by Sundae Capital Advisors Private Limited (SEBI Regn. No.: INM000012494) providing fairness opinion on the share entitlement recommended in the Amalgamation Share Entitlement Report prepared by KPMG Valuation Services LLP, Registered Valuer (IBBI Registration No. IBBI/RV-E//06/2020/115); and

d. Certificate dated May 5, 2021 obtained from the Statutory Auditors of the Company (“Statutory Auditor’s Certificate”) i.e. M Choudhary & Co, Chartered Accountants (Firm’s Registration No. 302186E) to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Act.

e. Annual Report of MKH and MAL for the year 2019-2020, unaudited Balance Sheet and Statement of Profit and Loss as on 31st March, 2021 and Certificate of Incorporation dated 22nd April, 2021 of ALAPL;

f. List of shareholders of MKH, ALAPL and MAL as on 30<sup>th</sup> April, 2021;

## 2. Proposed Scheme

The Audit Committee considered and observed the following in relation to the Scheme:

2.1. That the Scheme is part of overall re-organisation plan to streamline the existing group structure. Further, the proposed Amalgamation of the Transferor Company with the Transferee Company is expected to provide the following benefits:



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## Key rationale for Amalgamation of the Transferor Company with the Transferee Company

- a) The Amalgamation would lead to simplification of the existing holding structure of the Transferee Company and reduction of shareholding tiers to remove impediments, if any, in facilitating future expansion plans;
- b) The Scheme is not detrimental to the interests of the minority shareholders in any way;
- c) There would be no change in aggregate Promoters (as defined under the Scheme) holding in the Transferee Company. The Promoters would continue to hold the same number of equity shares in the Transferee Company, pre and post the Amalgamation of the Transferor Company with the Transferee Company and there will be no change in the aggregate shareholding of the Promoter Group (as defined under the Scheme).
- d) All costs and charges arising out of the Scheme shall be borne/ reimbursed by the Promoters/ Promoter Group/ entities owned and controlled by the Promoters or Promoter Group of the Transferee Company.
- e) The Scheme also provides that the Promoters of the Transferee Company will jointly and severally indemnify, defend and hold harmless the Transferee Company, its directors, employees, officers, representatives, or any other person authorized by the Transferee Company (excluding the Promoters) for any liability, claim or demand, which may devolve upon the Transferee Company on account of the amalgamation.

2.2 The salient features of Part III of the Scheme which involves Amalgamation of MKH with MAL are as follows:

- a) Part III of the Scheme which involves Amalgamation of MKH with MAL will take effect and be operative immediately after coming into effect of Part II of the Scheme which involves Demerger of REAB from MKH into ALAPL.
- b) The transfer and vesting of MKH into the MAL, the consideration of which shall be discharged by the Transferee Company by issuing same number of equity shares as is held by the Transferor Company in the Transferee Company in the following manner :

*"1,72,70,176 (One Crore Seventy Two Lakh Seventy Thousand One Hundred Seventy Six) fully paid up equity shares of the face value of INR 10/- (Rupees Ten only) each credited as fully paid up in the share capital of the Transferee Company in the proportion of the number of equity shares held by the shareholders in the Transferor Company".*

Page 3 of 4

Works : Unit-I : P.O. Kalyaneshwari - 713 369, Dist. Burdwan (West Bengal)

Unit-II : E.P.I.P., Byrnihat, Dist. Ri-bhoi-793 101 (Meghalaya)

Unit-III : Plot No. 42 & 43, APSEZ, P.O. Atchutapuram, Dist. Visakhapatnam - 531 011 (A.P.)



- c) That there would be no change in the total Promoter's (as defined under the Scheme) shareholding in the Company and the Promoters (as defined under the Scheme) would continue to hold the same percentage of shares of the Company, pre and post the Amalgamation;
- d) That the Appointed Date of Scheme shall be same as the Effective Date or such other date as may be approved by National Company Law Tribunal and/or the Appropriate Authority (as defined under the Scheme);

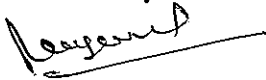
2.3 The Audit Committee has further noted the following:

- a) The Fairness Opinion provided by Sundae Capital Advisors Private Limited, a Category I Merchant Banker confirms that the share exchange ratio provided in the Amalgamation Share Entitlement Report (as defined under the Scheme) obtained from KPMG Valuation Services LLP, Registered Valuer, is fair to the Company and its shareholders;
- b) The Statutory Auditors have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable accounting standards notified under Companies Act, 2013 and other generally accepted accounting principles;
- c) As per the Scheme, upon the Effective Date and with effect from the Appointed Date, the Transferor Company will, in accordance with Section 2(1B) of the Income-Tax Act, 1961 and Sections 230 to 232 and other applicable provisions of the Act, stand amalgamated with the Transferee Company

### 3. Recommendations of Audit Committee

After taking into account the Amalgamation Share Entitlement Report (as defined under the Scheme), Fairness Opinion, Statutory Auditor's Certificate on the accounting treatment and aforesaid points, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its due consideration and approval including for approval by the stock exchange (s), Securities and Exchange Board of India and other regulatory authorities.

**By the order of the Audit Committee  
For Maithan Alloys Limited**



**Chairman of the Audit Committee**

Date: May 5, 2021

Place: Kolkata

