



CHANDI STEEL INDUSTRIES LIMITED

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF CHANDI STEEL INDUSTRIES LIMITED IN THEIR MEETING HELD ON 31ST DAY OF JULY, 2023 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN MACKEIL ISPAT & FORGING LIMITED WITH CHANDI STEEL INDUSTRIES LIMITED

The following members of the Committee were present:

Sl No.	Name of Committee Members	Designation
1	Sumit Kumar Rakshit	Chairperson/Non-Executive/Independent
2	Ashok Kumar Choudhary	Member /Non-Executive/Independent
3	Sweta Bhutra	Member /Non-Executive/Independent

Background

1. A meeting of the committee of Independent directors ("**Committee**") was held on 31st July, 2023, inter-alia, to consider and if thought fit, recommend to the Board of Directors (the "**Board**") of Chandi Steel Industries Limited (the "**Company**"), the proposed Scheme of Amalgamation between the Company and Mackeil Ispat & Forging Limited in the manner set out under Sections 230-232 of the Companies Act 2013, as amended (the "**Act**") and other applicable provisions of the Act between the Company, its shareholders and creditors (the "**Scheme**").
2. The draft Scheme will be presented to the jurisdictional National Company Law Tribunal under Section 230 of the Act, the rules and regulations made thereunder and will be in compliance with the Securities and Exchange Board of India master circular dated 20th June, 2023 bearing reference no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 ("**SEBI Master Circular**").

Requirement of SEBI Master Circular.

3. The Committee noted that in terms of the SEBI Master Circular, the Committee of Independent Directors of a listed company is required to recommend the draft Scheme to the Board, after taking into consideration inter-alia that the Scheme is not detrimental to the shareholders of the listed entity and any other matters specified in the SEBI Master Circular.
4. This Report of the Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI LODR Regulations**") and the SEBI Master Circular.



Regd. Office

3, Bentinck Street, Kolkata - 700 001
Phone : +91 33 2248 9808, 2248 8173
Fax : +91 33 2243 0021 / 2210 7893 / 2242 6263
E-mail : chandisteelindustries@gmail.com
CIN - L13100WB1978PLC031670

Works

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Liluah, Howrah
Phone : 2655 6779, 2655 6667



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Documents placed before Committee

5. This report of the Committee is being issued in compliance with the SEBI Master Circular. The Committee has made this report after perusing the following documents:
- Draft Scheme, initialed by the Company Secretary, for the purpose of identification.
 - Certificate dated 31st July, 2023 issued by JHS & Associates LLP, the Statutory Auditors of the Company to the effect that the accounting treatment contained in the Scheme is in compliance with all the accounting standards specified by the Central Government under Section 133 and other applicable provisions of the Act or the accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and other generally accepted accounting principles;
 - Certificate dated 31st July, 2023 issued by JHS & Associates LLP, Chartered Accountants, the Statutory Auditors of the Company, certifying that the approval of the majority of the public shareholders as prescribed under paragraph (A)(10)(b) of Part I of the SEBI Master Circular is not applicable to the Scheme.
 - Draft share entitlement ratio report dated 31st July, 2023, obtained from M/s. Resolute Valuers & Consultants Private Limited, Registered Valuer recommending the Share Entitlement Ratio;
 - Draft form of the Fairness Opinion dated 31st July, 2023, issued by M/s. VC Corporate Advisors Private Limited, a SEBI registered, Merchant Banker;
 - Audited financial statements of the Company for last 3 Financial Years;
 - other presentations, reports, documents, and information furnished before the Committee by the management.

Need for and rationale of the Scheme.

6. The Committee noted that the proposed Scheme would be in the best interests of the shareholders, employees and the creditors as the proposed amalgamation will result in the following benefits:
- the amalgamation would result in improving the potential for further expansion of businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity;



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- (b) optimal utilisation of resources due to pooling of management, administrative and technical skills of various resources of both companies, better administration, and cost reduction, including reduction in managerial, administrative and other common costs;
- (c) creation of asset base and facilitating access to better financial resources; and
- (d) greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.

Key features of the Scheme

7. The salient features of the draft Scheme are as under:
- a) The draft Scheme provides for amalgamation of Mackeill Ispat & Forging Limited with Chandi Steel Industries Limited.
 - b) The Appointed Date under the Scheme means the opening of the business hours of 1st April, 2023 or such other date as may be agreed between the Parties.
 - c) On the scheme being effective, the Transferee Company shall record all the assets and liabilities of the Transferor Company transferred and vested in it pursuant to the Scheme at fair value, as per Indian Accounting Standard 103 or any other applicable Indian Accounting Standard.
 - d) On the Scheme becoming effective, 194 (One Hundred and Ninety- Four fully paid- up equity share of INR 10/- (Indian Rupees Ten Only) each of the Transferee Company, credited as fully paid up, for every 100 (One Hundred) equity share of INR 10/- (Indian Rupees Ten Only) each of the Transferor Company and no further shares shall be issued by the Transferee Company in respect of the shares held by the Transferor Company in the Transferee Company.
 - e) On the scheme being effective, the difference between the value of Net Assets ("Net Assets" means value of assets over the value of liabilities as per Clause 9.1 of the Draft Scheme pertaining to the Transferor Company and the value of New Shares) shall be recorded as per Indian Accounting Standard 103 or any other applicable Indian Accounting Standard as capital reserve or goodwill, as the case may be.

Benefits of the scheme

8. After a careful evaluation of the business of the Company, the Company believes that this amalgamation would result in improving the potential for further expansion



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of businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity; optimal utilisation of resources creation of asset base and facilitating access to better financial resources; and greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.

View of the Independent Directors- Scheme not detrimental to the shareholders of the Company

9. The proposal to undertake the Scheme under Sections 230-232 of the Act was placed before the Committee at its meeting held on 31st July 2023. The Committee was informed that under the Scheme, it was proposed to merge both the Companies.
10. The Scheme does not fall within the purview of the Related Party Transactions in terms of General Circulars issued by the Ministry of Corporate Affairs ("MCA") since the same is subject to the sanction of the NCLT and the provisions of the Section 188 of the Act are not applicable.
11. The equity shares to be issued by the Company to the shareholders of the Transferor Company pursuant to the Scheme shall rank pari- passu in all respects with the then existing equity shareholders of the Transferee Company.
12. The Committee noted the background, salient features, rationale and the benefits to the Company and its shareholders, as set out above, of the proposed Scheme as placed before it.
13. In view of the fact that would be in the best interests of the Company and their respective shareholders and creditors as the proposed amalgamation will yield advantages of unlocking of shareholder value, the Committee after due deliberations and due consideration of all the terms of the draft Scheme and other documents presented before the Committee, hereby unanimously notes and is of the opinion that the Scheme is not detrimental to the interests of the Company and its shareholders.

Recommendation of the Committee

14. The Committee of the Independent Directors after due deliberations and due consideration of all the terms of the draft Scheme, Valuation Report, Fairness Opinion and the specific points mentioned above including that the Scheme is not detrimental to the shareholders of the Transferor Company, recommends the draft Scheme for favourable consideration and approval of the board of Directors of the Company, the Stock Exchanges, the SEBI and other statutory/ regulatory authorities including NCLT.



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15. In order for the Company to comply with the requirements of the extant regulations applicable to the listed companies undertaking any Scheme of Amalgamation under the Companies Act, 2013 and SEBI Master Circular, this report of the Committee of Independent Directors may please be taken on record by the Board of Directors of the Company while considering the Scheme for approval and further authorization.

**For and on behalf of the Independent Directors of
Chandi Steel Industries Limited**

Sumit Kumar Rakshit

Sumit Kumar Rakshit

Chairman of the Committee of Independent Directors



Place: Kolkata

Date: 31.07.2023

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