usha martin
Usha Martin Limited
2A, Shakespeare Sarani, Kolkata (formerly Calcutta) - 700 071, India
Phone : (00 91 33) 71006300/599, Fax : (00 91 33) 2282 9029, 71006400/500
CIN : L31400WB1986PLC091621
Website : www.ushamartin.com

REPORT OF THE MEETING OF INDEPENDENT DIRECTORS OF USHA MARTIN LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND ITS SHAREHOLDERS UNDER SECTION 230 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON THURSDAY, 20TH MAY 2021

The following Directors were present through Video Conferencing during discussion on the Scheme:

1. Mr. Mukesh Rohatgi, Chairman *(from Noida)*
2. Mr. Vijay Singh Bapna *(from Mumbai)*
3. Mrs. Ramni Nirula *(from Delhi)*

By invitation:
1. Mr. R Venkatchalam, Nominee Director *(from Mumbai)*

The following were present through Video Conferencing during discussion on the Scheme:

In attendance:
Mrs. Shampa Ghosh Ray, Company Secretary (*from Kolkata)*

1. Background

1.1. A meeting of the Independent Directors of the Company was held on 20th May 2021 to consider and recommend the draft Scheme of Arrangement between the Company and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").

1.2. The Company is incorporated under the provisions of the Companies Act, 1956. The Company along with its subsidiaries is principally engaged in the businesses of: (a) manufacture and sale of steel wires, strands, wire ropes, cord, related accessories, etc.; and (b) manufacture and sale of wire drawing and allied machines. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The global depository receipts of the Company are listed on Societe de la Bourse de Luxembourg (Luxembourg Stock Exchange).

1.3. This report of the Independent Directors is made to comply with the requirements of the Securities and Exchange Board of India ("**SEBI**") (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**") and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ("**SEBI Master Circular**") and as amended from time to time.

1.4. The following documents were placed before the Independent Directors:

(a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification; and

(b) Draft undertaking on non-applicability of conditions specified in Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular and certificate issued by M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company certifying the said undertaking.

2. Proposed Scheme of Arrangement

2.1. The Scheme *inter alia* provides for reduction and reorganization of capital of the Company.

2.2. The Committee of Independent Directors the Company noted the rationale and the benefits of the Scheme which, inter-alia, are as follows:

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2.2.1. The Company has suffered substantial losses during the past few years.

2.2.2. The Company sold its steel business undertaking during the financial year 2019-20 and deleveraged its balance sheet substantially.

2.2.3. The Company has generated profits in the financial years ended 31 March 2020 and 31 March 2021.

2.2.4. As per the audited financial statements of the Company on 31 March 2021, the Company continues to carry a negative balance of retained earnings, while it has unutilized balances lying under various reserves.

2.2.5. Despite consistent profitability, the financial statements of the Company are not reflective of its true current financial health and therefore, it is necessary to reduce and reorganize the capital of the Company.

2.2.6. The proposed reduction and reorganization of capital is in the interest of the Company and its shareholders, creditors and all concerned.

3. Impact of the Scheme on the shareholders of the Company

3.1. The Scheme does not entail any discharge of consideration by the Company in form of cash, shares or otherwise. Hence, the interest of the shareholders is not adversely affected. The Company's equity capital structure and the shareholding pattern subsequent to the Scheme will remain unchanged.

3.2. The Scheme does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

3.3. The proposed Scheme is expected to be beneficial to the Company and its shareholders and all other stakeholders.

4. **Recommendation of the Independent Directors**

The Independent Directors *inter alia* having noted the rationale, benefits and the impact of the Scheme on shareholders and in particular the fact that the Scheme is not detrimental to the interests of public shareholders of the Company and in consideration of the documents placed before it, approves and recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Independent Directors

For and on Behalf of **USHA MARTIN LIMITED**

Mukesh Rohatgi
Chairman of the Meeting
Place: Noida
Date: 20th May, 2021

USHA MARTIN LTD. Kolkata 700071 2A Shakespeare Sarani

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
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Tel: +91 33 6134 4000

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Usha Martin Limited

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of Usha Martin Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 8 (a) regarding attachment of certain parcels of land at Ranchi used by the Company's wire rope business under Prevention of Money Laundering Act, 2002 (PMLA) in connection with export and domestic sale of iron ore fines in prior years aggregating Rs 19,037 lakhs allegedly in contravention of terms of the mining lease granted to the Company for the iron ore mines. Pending final outcome of the appeal filed by the Company before the Appellate Tribunal, PMLA and also the orders of the Hon'ble High Court of Patna setting aside the proceedings against the Company and granting the liberty to Directorate of Enforcement (ED) to file a complaint before an appropriate Court having adequate jurisdiction as mentioned in the said Note, no adjustment to these financial results in this regard have been considered necessary by the management.

Further, as explained in note 8 (b), a First Information Report (FIR) has been filed by Central Bureau of Investigation (CBI) against the Company, its Managing Director and certain Other Officers under the Prevention of Corruption Act, 1988 and the Indian Penal Code, 1860 for allegedly trying to influence

ongoing CBI investigation pertaining to the proceedings mentioned in (a) above. The matter is currently under investigation and the Company intends to take such legal measures as necessary based on the outcome of the ongoing investigation.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Bhaswar Sarkar Digitally signed by Bhaswar Sarkar Date: 2021.05.20 13:45:25 +05'30'

per Bhaswar Sarkar
Partner
Membership No.: 055596

UDIN: 21055596AAAABF1324

Kolkata
May 20, 2021