S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Independent Auditor's Certificate to confirm that the Accounting Treatment is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013

The Board of Directors,
Usha Martin Limited
2A, Shakespeare Sarani,
Kolkata – 700 071, India

1. This Report is issued in accordance with the terms of our service scope letter dated May 17, 2021 read with master engagement agreement dated November 30, 2016 and various addendums thereto with Usha Martin Limited (hereinafter the "Company").

2. At the request of the Company, we have examined the Accounting Treatment prescribed in Clause 5 'Accounting Treatment in the books of the Company' of the Scheme of Arrangement for Capital Reduction and Reorganization (hereinafter the "Scheme") of the Company with its shareholders pursuant to Section 230 and other applicable provisions of the Companies Act, 2013 (the "Act"). This certificate is required by the Company in accordance with the requirements of Regulation 11 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI LODR regulations') and SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ("SEBI Circular"), to be submitted to the stock exchanges to confirm that the Accounting Treatment prescribed in the Scheme is in conformity with the applicable accounting standards prescribed under section 133 of the Act.

Management's Responsibility

3. The Board of Directors of the Company are responsible for the preparation of the Scheme and its compliance with the SEBI LODR regulations and other relevant laws and regulations, including the applicable accounting standards read with the rules made thereunder. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Scheme.

Auditor's Responsibility

4. Our responsibility is to provide limited assurance on whether the Accounting Treatment prescribed in the Scheme is in conformity with the applicable accounting standards prescribed under section 133 of the Act.

5. The financial statements of the Company for the financial year ended March 31, 2021 have been audited by us, on which we issued an unmodified audit opinion vide our report dated May 20, 2021. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

   Further, our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion in the specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this certificate, nor anything said or done in the course of, or in connection with, the services that are subject to this certificate, will extend any duty of care that may have in our capacity as the statutory auditors of any financial statements of the Company.

7. 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 Assurance and Related Services Engagements.

8. In a limited assurance engagement, the evidence gathering procedures are more limited than in a reasonable assurance engagement. A limited assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria mentioned in paragraph 4 above. The procedures performed to provide a limited assurance vary in nature and timing from, and are less extent than for, a reasonable assurance and consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the reporting criteria. Accordingly, we have performed the following procedures:

a) Obtained the Scheme as provided by the Company

b) Examined the Accounting Treatment prescribed in the Scheme and assessed whether the same is in conformity with the applicable accounting standard prescribed under section 133 of the Act.

c) Our examination did not extend to any aspects of a legal or propriety nature covered in the Scheme.

Conclusion

9. Based on the procedures performed by us, as referred in paragraph 8 above and according to information and explanations received by us, nothing has come to our attention that causes us to believe that the Accounting Treatment prescribed in Clause 5 of the Scheme is not in conformity with the applicable standard prescribed under section 133 of the Act.

Restriction on Use

10. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose as set forth in paragraph 2 above and to be submitted to the National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India, National Company Law Tribunal and any other regulatory authorities in connection with the Scheme and should not be used by any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this report and does not extend to the Company as a whole. We make no representations regarding compliance with company law or any other statutory requirements. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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 22:40:32 +05'30'

per **Bhaswar Sarkar**
Partner
Membership Number: 055596

UDIN: 21055596AAAABI7148

Place of Signature: Kolkata
Date: May 20, 2021

SCHEME OF ARRANGEMENT

BETWEEN

USHA MARTIN LIMITED

AND

ITS SHAREHOLDERS

UNDER SECTION 230 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

USHA MARTIN LTD.
KOL-71
5 Shakespeare Sarani

(A) PREAMBLE

This scheme of arrangement ("**Scheme**") provides for the reduction and reorganization of capital of the Company (*as defined hereinafter*) pursuant to the provisions of Section 230 and other applicable provisions of the Act (*as defined hereinafter*). This Scheme also provides for various other matters consequential thereto or otherwise integrally connected therewith.

(B) DESCRIPTION OF THE COMPANY

Usha Martin Limited ("**Company**") is a company 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 the Stock Exchanges (*as defined hereinafter*). The global depository receipts of the Company are listed on Societe de la Bourse de Luxembourg (Luxembourg Stock Exchange).

(C) RATIONALE FOR THE SCHEME

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

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

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

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.

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.

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

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions of capitalized terms used in this Scheme, the details of the share capital of the Company and date of taking effect and implementation of this Scheme;

2. **PART II** deals with reduction and reorganization of capital of the Company; and

3. **PART III** deals with the general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"**Act**" means the Companies Act, 2013;

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"**Applicable Law**" or "**Law**" means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Company; and (b) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority (*as defined hereinafter*) having jurisdiction over the Company as may be in force from time to time;

"**Appointed Date**" means the opening business hours of 1st April 2021 or such other date as may be approved by the Board of the Company;

"**Appropriate Authority**" means:

(a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof;

(b) any governmental, quasi-governmental or private body or agency lawfully exercising or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, SEBI (*as defined hereinafter*), and the Tribunal (*as defined hereinafter*); and

(c) any Stock Exchange.

"**Board**" in relation to the Company means the board of directors of the Company and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;

"**Company**" means Usha Martin Limited, a company incorporated under the provisions of the Companies Act, 1956, having Corporate Identity Number L31400WB1986PLC091621 and its registered office at 2A, Shakespeare Sarani, Kolkata – 700 071, West Bengal, India; and

"**Effective Date**" means the day on which last of the conditions specified in Clause 12 (Conditions Precedent) of this Scheme are complied with or otherwise duly waived;

Reference in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date;

"**Person**" means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"**Retained Earnings**" the amount appearing in the annual financial statements of the Company under 'other equity' and representing the cumulative profit / (loss) of the Company, as on the Appointed Date;

"**RoC**" means the relevant jurisdictional Registrar of Companies having jurisdiction over the Company;

"**Rs**" or "**Rupee(s)**" means Indian Rupee, the lawful currency of the Republic of India;

"**Scheme**" or "**this Scheme**" means this scheme of arrangement as modified from time to time;

"**SEBI**" means the Securities and Exchange Board of India;

"**SEBI LODR Regulations**" means SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and any amendments thereof;

"**Stock Exchanges**" means BSE Limited and National Stock Exchange of India Limited, collectively;

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"**Tax Laws**" means all Applicable Laws dealing with Taxes including but not limited to income-tax, wealth tax, sales tax / value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature;

"**Taxation**" or "**Tax**" or "**Taxes**" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to the Company or any other Person and all penalties, charges, costs and interest relating thereto; and

"**Tribunal**" means the Kolkata Bench of the National Company Law Tribunal having jurisdiction over the Company.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and *vice versa*;

1.2.2 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and

1.2.3 the words "include" and "including" are to be construed without limitation.

2. SHARE CAPITAL

2.1 The share capital of the Company as on 31 March 2021 is as follows:

Particulars	Rs
Authorised Share Capital	
50,00,00,000 equity shares of Re 1 each	50,00,00,000
1,00,00,000 cumulative redeemable preference shares of Rs. 50 each	50,00,00,000
Total	**100,00,00,000**
Issued subscribed and paid-up share capital	
30,47,41,780 equity shares of Re 1 each	30,47,41,780
Add: Shares forfeited (amount originally paid-up)	678,830
Total	**30,54,20,610**

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

3.1 This Scheme in its present form or with any modification(s) made as per Clause 11 of this Scheme, shall become effective from the Appointed Date but shall be operative from the Effective Date.

PART II

REDUCTION AND REORGANIZATION OF CAPITAL OF THE COMPANY

4. REDUCTION AND REORGANIZATION OF CAPITAL OF THE COMPANY

4.1 As on 31 March 2021, the other equity as appearing in the books of accounts of the Company is as under:

Other Equity	Rs in lakhs
Retained Earnings	(80,781)
Capital redemption reserve	2,285
Other reserves	6,349
Capital reserve	369
Securities premium	85,584
General reserve	54,575
TOTAL	**68,381**

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4.2 Upon the Scheme becoming effective, the credit balance of following reserves as appearing in books of accounts of the Company as on the Appointed Date, shall be adjusted against the entire negative balance of the Retained Earnings of the Company, to the extent permissible under Law, in the following chronological order:

4.2.1. Entire credit balance appearing under the capital redemption reserve;

4.2.2. Entire credit balance appearing under the other reserves;

4.2.3. Entire balance appearing under the capital reserve; and

4.2.4. Securities premium, to the extent of remaining Retained Earnings.

4.3 The reduction and reorganization of the capital of the Company, as stated in Clause 4.2 above, shall be effected as an integral part of this Scheme itself, and the order of the Tribunal sanctioning this Scheme shall confirm the reduction and reorganization of capital of the Company.

4.4 Pursuant to the Scheme, there is no outflow of/ payout of funds from the Company and hence, the interest of the shareholders/ creditors is not adversely affected. For the removal of doubt, it is expressly recorded and clarified that the Scheme shall not in any manner involve distribution of capital reserves or revenue reserves and shall be in accordance with the accounting standards prescribed under provisions of Section 133 of the Act.

4.5 The reduction and reorganization of capital of the Company would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

4.6 Notwithstanding the reduction of capital, as stated in Clause 4.2 above, the Company shall not be required to add 'And Reduced' as suffix to its name.

4.7 This Part of the Scheme does not envisage transfer or vesting of any of the properties and/ or liabilities of the Company to or in any Person and consequently, the order of the Tribunal to the extent of this Part of the Scheme will not attract any stamp duty.

4.8 The Company submits that the proposed reduction of capital as above is in conformity with and does not violate or circumscribe any provision of the Act.

4.9 All actions taken by the Company pursuant to and in accordance with this Scheme shall be deemed to have not breached any terms and conditions or any other provisions of the Law.

4.10 This Scheme is an "arrangement" between the Company and its shareholders under Section 230 of the Act and does not envisage the transfer of vesting of any properties and/or liabilities as contemplated in Sections 230 to 232 and other applicable provisions of the Act. This Scheme does not involve any "conveyance" or "transfer" of any property/liabilities and does not relate to amalgamation or merger or demerger of companies in terms of Sections 230 to 232 of the Act, and accordingly this Scheme and the order sanctioning this Scheme shall not be deemed to be a conveyance within the meaning of the Indian Stamp Act, 1899, as applicable to Kolkata (West Bengal), and therefore no stamp duty shall be payable on the Scheme and / or the order sanctioning this Scheme.

5. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

5.1 Notwithstanding anything else contained in the Scheme, the Company shall account for reduction and reorganization of capital in accordance with Indian Accounting Standards notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time (Ind AS) and other accounting principles generally accepted in India, in its books of accounts such that:

5.1.1 The accumulated losses /negative balance of Retained Earnings to the extent of Rs 807,80,76,991 (Rupees Eight Hundred Seven Crores Eighty Lakhs Seventy-six Thousand Nine Hundred and Ninety-one Only) shall be adjusted against the credit balances of below mentioned reserves, as follow:

5.1.1.1 Entire credit balance of Rs 22,85,00,000 (Rupees Twenty-two Crores and Eighty-

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five Lakhs Only) appearing as the capital redemption reserve;

5.1.1.2 Entire credit balance of Rs 63,49,49,000 (Rupees Sixty-three Crores Forty-nine Lakhs and Forty-nine Thousand Only) appearing under the other reserves;

5.1.1.3 Entire credit balance of Rs 3,69,10,851 (Rupees Three crore Sixty-nine Lakhs Ten Thousand Eight Hundred and Fifty-one Only) appearing as capital reserve; and

5.1.1.4 Remaining unadjusted amount of Retained Earnings shall be adjusted against credit balances of securities premium.

5.2 The Company will pass appropriate adjustment entries in prudent and commercially acceptable manner; and

5.3 For accounting purpose, the reduction and reorganization of capital of the Company will be given effect on the date when all substantial conditions for the reduction and reorganization of capital are completed.

PART III

GENERAL TERMS & CONDITIONS

6. EMPLOYEES

The employees of the Company shall, in no way, be affected by the proposed reduction and reorganization of capital, as there is no transfer of employees under the Scheme. On the Scheme becoming effective, all the employees of the Company shall continue with their employment, without any break or interruption in their services, on the same terms and conditions on which they are engaged as on the Effective Date.

7. CREDITORS

The reduction and reorganization of capital (as set out in Clause 4.2 above) will not cause any prejudice to the creditors of the Company. The creditors of the Company are, in no way, affected by the proposed reduction and reorganization of capital, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Company. Thus, the proposed adjustment would not, in any way, adversely affect the operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

8. COMPLIANCE WITH TAX LAWS

The Scheme is in compliance with the applicable Tax Laws. Upon the Scheme becoming effective, the Company shall continue to pay Taxes in accordance with and subject to Applicable Law.

9. LEGAL PROCEEDINGS

Upon the Scheme becoming effective, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Company pending and/or arising on or before the Effective Date or which may be instituted any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Company.

10. APPLICATIONS/PETITIONS TO THE TRIBUNAL

The Company shall make and file all applications and petitions under Sections 230 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

11. MODIFICATION OR AMENDMENTS TO THIS SCHEME

11.1 The Board may make any modifications or amendments to this Scheme at any time and for any

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reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board may consent to any conditions or limitations or may make any modifications to the Scheme that the Tribunal or any other Appropriate Authority may impose.

11.2 For the purposes of giving effect to this Scheme, the Board may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

12. CONDITIONS PRECEDENT

12.1 Unless otherwise decided (or waived) by the Board, the Scheme is conditional upon and subject to the following conditions precedent:

12.1.1 obtaining no-objection letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;

12.1.2 approval of the Scheme by the requisite majority of shareholders and/ or creditors of the Company, as applicable or as may be required under the Act and as may be directed by the Tribunal;

12.1.3 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Company; and

12.1.4 the certified copy of the orders of the Tribunal being filed with the RoC by the Company.

12.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Company may have under or pursuant to all Applicable Laws.

13. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS

13.1 The Company shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

13.2 In the event of withdrawal of the Scheme under Clause 13.1 above, no rights and liabilities whatsoever shall accrue or be incurred by the Company or its shareholders or creditors or employees or any other Person.

13.3 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be decided by the Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred upon the Company or their shareholders or creditors or employees or any other Person in terms of this Scheme.

14. COSTS AND EXPENSES

All costs, charges, taxes, duties, levies, fees and expenses, if any, to the extent applicable and payable in connection with this Scheme, shall be borne and paid by the Company.

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