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 AUDIT COMMITTEE 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. Vijay Singh Bapna, Chairman *(from Mumbai)*
2. Mr. Mukesh Rohatgi *(from Noida)*
3. Mr. Rajeev Jhawar *(from Singapore)*

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

By invitation:
1. Mr. D J Basu, Whole Time Director *(from Kolkata)*
2. Mr. Devadip Bhowmik, Whole Time Director *(from Kolkata)*
3. Mr. Anirban Sanyal, Chief Financial Officer *(from Kolkata)*

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

1. Background

1.1. A meeting of the Audit Committee 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 Audit Committee is made to comply with the requirements of the Securities and Exchange Board of India (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 Audit Committee:

1.4.1. Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification; and

1.4.2. 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. Need for the arrangement and rationale of the Scheme

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

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

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.

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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. Synergies of business of the entities involved in the Scheme

The present Scheme does not involve any merger/ demerger/ re-organization of the business of the Company with any other company.

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

4.1. 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.

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

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

5. Cost benefit analysis of the Scheme

Although the proposed Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

6. No requirement of obtaining valuation report or fairness opinion

The Scheme provides for reduction and reorganization of capital of the Company. Pursuant to the Scheme no consideration, in form of cash, shares or otherwise, is proposed to be paid by the Company. Accordingly, there is no requirement to obtain a valuation report from a registered valuer, in connection with shares, assets or business of the Company. Since, valuation report is not required for the present Scheme, there is also no requirement to obtain any fairness opinion from a merchant banker.

7. Recommendation of the Audit Committee

The Audit Committee *inter alia* having noted the rationale, benefits and the impact of the Scheme on shareholders and others concerned and in particular the fact that the Scheme is not detrimental to the interests of 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 Members of the Audit Committee

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

USHA MARTIN LTD. KOL-71 2A, Shakespeare Sarani

Vijay Singh Bapna
Chairman of the Meeting
Place: Mumbai
Date: 20th May, 2021