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JSW Ispat Special Products Limited

JSW Ispat Special Products Limited (formerly known as Monnet Ispat and Energy Limited) (formerly known as Monnet Ispat & Energy Limited)

Registered & Corporate Office: JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai-400051

CIN: L02710MH1990PLC363582 GST: 27AAACM0501D2Z9

Phone: +91 22 2661 0000 E-mail: isc_jispl@ajonjsw.in Website: www.ajonjsw.in

Ajay Kadhao
Company Secretary

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF JSW ISPAT SPECIAL PRODUCTS LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN JSW ISPAT SPECIAL PRODUCTS LIMITED ('TRANSFEROR COMPANY' / 'COMPANY') AND MIVAAN STEELS LIMITED ('TRANSFeree COMPANY') AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Present Members:

1. Mr. Krishna Deshika, Chairperson and Independent Director
2. Mr. Jyotin Mehta, Independent Director
3. Mrs. Anuradha Bajpai, Independent Director

In Attendance:

Mr. Ajay Kadhao, Company Secretary

Invitee:

Mr. J. Nagarajan, Chief Financial Officer

1. Background:

- a. The draft Scheme of Arrangement under Sections 230-232 and other relevant provisions, if any, of the Companies Act, 2013 ('the Act') between JSW Ispat Special Products Limited and Mivaan Steels Limited and their respective shareholders and creditors ('Scheme') has been placed before the Independent Directors at its meeting held on February 16, 2022 for the Independent Directors to consider recommending the said Scheme.
- b. The Scheme provides for the transfer and vesting of the business undertaking of the Company pertaining to manufacturing facilities at Raipur and mining facilities at Kanker and associated coal washery operations at Patherdih along with associated assets and liabilities (as more specifically defined in the draft Scheme) ("Specified Undertaking"), on a going concern basis, by way of a slump sale to Mivaan Steels Limited (upon it becoming a wholly owned subsidiary of the Company) for a consideration as provided in the Scheme ("Proposed Transaction").
- c. The equity shares of the Company are listed and traded on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ("NSE").
- d. The report of Committee of the Independent Directors for the Proposed Transaction is required to comply with the provisions of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, as amended ("SEBI Circular"). The Committee of the Independent Directors have considered the following in this respect:
 - i) Draft Scheme, which is duly initialed by Company Secretary of the Company for the purpose of identification;

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Raipur Works: Chandkhuri Marg, Village Kurud, Mandir Hasaud, Raipur-492101 (Chhattisgarh)



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- ii) valuation report dated February 16, 2022 issued by M/s. PwC Business Consulting Services LLP, an independent and registered valuer ('Valuation Report');
- iii) fairness opinion dated February 16, 2022 issued by D&A Financial Services Private Limited, an independent and SEBI registered Category I merchant banker, on the Valuation Report ('Fairness Opinion');
- iv) draft certificate from the statutory auditor of the Company, Deloitte Haskins & Sells LLP, Chartered Accountants, confirming the accounting treatment as prescribed in the draft Scheme and
- v) audited financial statements of the Company for the year ended March 31, 2019, 31st March 2020 and 31st March 2021.

2. Proposed Scheme

- a. The Independent Directors have reviewed the draft Scheme. As per and subject to the terms contained in the draft Scheme, all assets and liabilities pertaining to the Specified Undertaking of the Company (*as more detailed in the Scheme*), shall, without any further act, instrument or deed, be transferred and vested to Mivaan Steels Limited (upon it becoming a wholly owned subsidiary of the Company), on a going concern basis, by way of a slump sale with effect from the Appointed Date, for a consideration.
- b. The Independent Directors have reviewed the Valuation Report and noted the recommendation made therein. Further, the Fairness Opinion has confirmed that the Valuation Report is fair.
- c. Further, Deloitte Haskins & Sells LLP, statutory auditors of the Company have confirmed that the accounting treatment, as specified in the Scheme, is in accordance with the generally accepted accounting principles in India.
- d. The proposed Appointed Date for the Scheme is close of business hours on March 31, 2022.

3. Need and Rationale for the arrangement

The Independent Directors noted and agreed with the need and rationale for the transfer of the Specified Undertaking from the Company into the Transferee Company, as provided in the draft Scheme and which is detailed below:

- (a) The Specified Undertaking comprises of the business undertaking of the Company pertaining to the manufacturing facilities at Raipur and mining facilities at Kanker and associated coal washery operations at Patherdih and certain other assets and properties (*as more detailed in the Scheme*). The manufacturing facilities at Raipur comprises of a sponge iron manufacturing



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plant with a capacity of 0.3 MTPA, ferro alloy plant and steel manufacturing plant with a capacity of 0.25 MTPA.

- (b) The strategic focus of the Specified Undertaking (which is to be transferred to the Transferee Company pursuant to this Scheme) is on commodity steel products that caters to the structural and construction sectors with comparatively lower volume of production and serving customers predominantly around its operating area. Whereas, the Transferor Company's strategic focus for its Remaining Undertaking is on special steel products catering to HT grades, IBR grades, RDSO grades, automotive, high manganese grades, cold rolling grades and API grades with comparatively higher volume of production serving customers in the exports and domestic markets covering Northern, Eastern and parts of Western region of India.
- (c) The transfer of the Specified Undertaking to the Transferee Company will enhance the ability of the Transferor Company and Transferee Company to explore and leverage strategic opportunities for their respective business/undertakings, including fund raising prospects, with the aim of maximizing value.
- (d) With a view to achieve dedicated management focus on certain grades of products and customers, facilitate strategic opportunities and to maximize the value of each of the Remaining Undertaking and the Specified Undertaking, the management of the Transferor Company proposes to transfer the Specified Undertaking, and vest such Specified Undertaking into the Transferee Company (in its capacity as a wholly owned subsidiary of Transferor Company).

This is expected to create and enhance stakeholders' value by unlocking the intrinsic value and growth potential for the respective businesses of the Transferor Company and Transferee Company.

4. Recommendations of the Committee of Independent Directors

After due deliberations and consideration of all the terms of the draft Scheme, Valuation Report, Fairness Opinion and the rationale mentioned above, it was noted that the Proposed Transaction as envisaged in the Scheme is expected to allow the Transferor and Transferee Company to achieve dedicated management focus on their respective grades of products and customer segments among other objectives. No change in the shareholding of the Company is envisaged on account of the Scheme. Further, the Transferee Company shall be a wholly owned subsidiary of the Company. In view of the above, the Independent Directors are of the opinion that the draft Scheme is not detrimental to the interests of the shareholders, including the minority shareholders of the Company.

as per



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The Independent Directors recommend the draft Scheme for approval and favorable consideration by the Board of Directors of the Company.

By Order of the Committee of Independent Directors

For and on behalf of
JSW Ispat Special Products Limited
(formerly known as Monnet Ispat and Energy Ltd.)

Mr. Krishna Deshika

Mr. Krishna Deshika
Chairperson of the Committee of Independent Directors

Date: 16.02.2022

Place: Bangalore

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For JSW Ispat Special Products Limited
(Formerly known as Monnet Ispat and Energy Limited)

Ajay Kadhao
Ajay Kadhao
Company Secretary



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