



TRF LIMITED

REPORT ADOPTED BY THE AUDIT COMMITTEE OF TRF LIMITED AT ITS MEETING HELD ON SEPTEMBER 22, 2022, IN RELATION TO THE PROPOSED SCHEME OF AMALGAMATION OF TRF LIMITED INTO AND WITH TATA STEEL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

Members Present:

Mr. Krishnava Dutt	- Independent Director and Chairman of the Committee
Mr. Ranaveer Sinha	- Independent Director and Member of the Committee
Dr. Ansuman Das	- Independent Director and Member of the Committee
Mr. Koushik Chatterjee	- Non-Executive Director and Member of the Committee

In attendance:

Mr. Prasun Banerjee, Company Secretary

Management:

Mr. Alok Krishna	- Managing Director
Mr. Anand Chand	- Chief Financial Officer

Representatives of Tata Steel Limited:

Mr. Parvatheesam Kanchinadham	- Company Secretary and Chief Legal Officer (Corporate & Compliance)
Mr. Dibyendu Dutta	- Chief Portfolio Transformation & FFI
Ms. Neha Haralalka	- Chief Program Manager - Portfolio Transformation

Auditors:

Mr. Rajib Chatterjee	- Price Waterhouse & Co. Chartered Accountants LLP
Mr. Sujoy Chakrabarty	- Price Waterhouse & Co. Chartered Accountants LLP

Valuers:

Ms. Rashmi Shah	- Registered Valuer
Ms. Jyoti Bhatia	- Deloitte Touche Tohmatsu India LLP, Valuer
Mr. Amol Rane	- Deloitte Touche Tohmatsu India LLP, Valuer
Ms. Nandita Pai	- Deloitte Touche Tohmatsu India LLP, Valuer

Merchant Bankers:

TRUE COPY
For TRF LIMITED

PRASUN BANERJEE
COMPANY SECRETARY
AUTHORISED SIGNATORY

11 Station Road Burmahmines Jamshedpur 831 007 INDIA
Tel +91 657 2345727 FAX +91 657 2345718 e mail. comp_sec@trf.co.in www.trf.co.in
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(Handwritten signature)



Mr. Ravishu Shah
Mr. Samir Shah

- RBSA Capital Advisors LLP
- RBSA Capital Advisors LLP

1. BACKGROUND

- 1.1 The Audit Committee, at its meeting held on September 22, 2022, was requested to consider, and if thought fit, recommend to the Board of Directors ("**Board**") of TRF Limited ("**Transferor Company**" or "**Company**"), a draft of the proposed scheme of amalgamation involving the Company, Tata Steel Limited ("**Transferee Company**") and their respective shareholders, (hereinafter referred to as "**Scheme**"), wherein the Transferor Company shall amalgamate into and with the Transferee Company in terms of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 ("**Companies Act**") read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) or other amendments thereof for the time being in force), Section 2(1B), read with other applicable provisions of the Income-tax Act, 1961 (as amended) ("**IT Act**") and other applicable laws including the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time ("**SEBI Circulars**").
- 1.2 The Scheme is subject to the receipt of approval from the Board of Directors and (a) requisite majority of the shareholders of the respective Transferor Company and Transferee Company (collectively "**Companies**"); (b) Competent Authority (*as defined in the Scheme*), (c) SEBI; (d) The National Stock Exchange of India Limited and the BSE Limited (hereinafter collectively referred to as "**Stock Exchanges**"); and (e) such other approvals, permissions and sanctions of regulatory and other statutory or governmental authorities / quasi-judicial authorities, as may be necessary as per applicable laws.
- 1.3 As per the SEBI Circulars, the Audit Committee is required to issue a report recommending the Scheme, taking into consideration *inter alia*, the valuation report, and commenting on the need for the Scheme, rationale of the Scheme, cost benefit analysis of the Scheme, impact of the Scheme on the shareholders of the Company and synergies of business of entities involved.
- 1.4 This report of the Audit Committee is made to comply with the requirements of the SEBI Circulars.

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the Scheme with the Competent Authority, which shall be in form and substance acceptable to the Companies, each acting reasonably and in good faith;

- (b) the Scheme being agreed to (in the manner prescribed herein) by the respective requisite majorities of the various classes of shareholders of the Companies as required under the Companies Act;
- (c) the Scheme being approved by the public shareholders through e-voting in terms of Part - I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 and the Scheme shall be acted upon only if votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it;
- (d) there having been no interim or final ruling, decree or direction by any Appropriate Authority (as defined in the Scheme), which has not been stayed by an appellate authority, which has the effect of prohibiting or making unlawful, the consummation of the proposed Scheme by any of the Companies; and
- (e) the Scheme being sanctioned by the Competent Authority under Section 230 to 232 of the Companies Act, on terms as originally approved by or with such modifications as are acceptable to the Companies.

Upon the fulfilment of the aforementioned conditions, the Scheme shall become effective on the date or last of the dates on which the certified copies of the order of the Competent Authority sanctioning the Scheme are filed by the Transferor Company and the Transferee Company with their respective Registrar of Companies (whichever is later) ("Effective Date").

3. NEED FOR THE SCHEME

- 3.1 The Transferee Company is one of the leading global steel companies, with over 100 (hundred) years of experience in the steel sector and is a pioneer of steel manufacturing in India. The Transferor Company, which is an associate of the Transferee Company, is engaged in the business of undertaking turnkey projects of material handling for the infrastructure sector and also in production of such material handling equipment. The amalgamation will consolidate the business of the Company into and with the Transferee Company which will result in focused growth, operational efficiencies and business synergies. In addition, the resulting corporate holding structure will bring enhanced agility to the business ecosystem of the merged entity.

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4. RATIONALE AND OBJECTIVE OF THE SCHEME

- 4.1 The Companies believe that the resources of the merged entity can be pooled to unlock the opportunity for creating shareholder value.
- 4.2 The Companies envisage will be able to share best practices, cross-functional learnings, and utilize each other's facilities in a more efficient manner.

5. SYNERGIES OF BUSINESS OF THE ENTITIES INVOLVED IN THE SCHEME

The proposed scheme would result in the following synergies:

- (a) **Operational efficiencies:** Centralized sourcing would result in procurement synergies and reduction in stores / spare through common inventory management. The proposed amalgamation would also result in sharing of best practices, cross functional learnings, better utilisation of common facilities and greater efficiencies in debt and cash management;
- (b) **Simplified structure and management efficiency:** In line with group level 5S strategy –simplification, synergy, scale, sustainability, and speed – proposed amalgamation will simplify group holding structure, improve agility to enable quicker decision making, eliminate administrative duplications, consequently reducing administrative costs of maintaining separate entities;
- (c) **Execution of projects in pipeline:** Existing facilities and expertise of the Company will cater to demand for design and engineering services for industrial structure required in upcoming expansion projects of the Transferee Company;
- (d) **Sharing of best practices in sustainability, safety, health and environment:** Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement. Further, overall technology maturity can be enhanced by the merged entity through unfettered access to each other's information technology applications and systems.

6. IMPACT OF SCHEME ON SHAREHOLDERS

- 6.1 Based on the (a) presentations made by the Registered Valuer and the SEBI registered independent Category – I Merchant Banker and the discussion(s) that ensued

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thereafter; (b) review of the documents placed at the meeting, (c) Committee's deliberations and consideration of various factors including but not limited to the synergies mentioned in paragraph 5, need for the Scheme, rationale and objective, salient features and expected benefits of the Scheme, the Committee concluded that the proposed Scheme is fair and in the best interest of the shareholders, as the proposed amalgamation is expected to result in economies of scale and consolidation of opportunities, thereby enhancing the value of the merged entity and overall shareholder value.

- 6.2 Further, the Audit Committee noted that, upon the Scheme coming into effect, the Transferee Company shall without any further application, act, instrument or deed, issue and allot 17 (seventeen) fully paid-up equity shares of nominal value of Re. 1/- each of the Transferee Company to the shareholders of the Company (except the Transferee Company) for every 10 (ten) fully paid-up equity shares of nominal value of Rs. 10/- each held by the shareholders (except the Transferee Company) in the Company, whose name(s) appear(s) in the register of members, including register and index of beneficial owners maintained by a depository(ies) under Section 11 of the Depositories Act, 1996 as on the Record Date (as defined in the Scheme).

7. COST BENEFIT ANALYSIS OF THE SCHEME

The implementation of the Scheme will involve incurring costs including, administrative, statutory levy(ies), fees payable to financial / legal advisors, etc. However, the benefits as stated in paragraph 5 – Synergies of Business of the Entities involved in the Scheme, are expected to outweigh costs towards implementation of the Scheme.

8. VALUATION REPORT AND FAIRNESS OPINION

- 8.1 The Audit Committee reviewed the Valuation Report, discussed the methods of valuation and the recommended Share Exchange Ratio with the independent Registered Valuer and the SEBI registered Category-I Merchant Banker who were present at the meeting.
- 8.2 Based on the discussions, with the Registered Valuer and the SEBI registered Category – I Merchant Bankers, review of documents including the Fairness Opinion placed at the meeting, the Audit Committee is of the view that the Share Exchange Ratio is fair to the shareholders of the Company.

9. RECOMMENDATION OF THE AUDIT COMMITTEE

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The Audit Committee, after taking into consideration the Valuation Report and the Fairness Opinion and based on its discussions with the Registered Valuer and the independent SEBI Registered Category - I Merchant Banker, and after reviewing the documents placed at the meeting, recommended the draft Scheme in its present form for favourable consideration by the Board of Directors of Company, the Stock Exchanges and SEBI.

In order for the Company to comply with the requirements of extant regulations applicable to the listed companies undertaking any scheme of amalgamation, this report of the Audit Committee may please be taken on record by the Board while considering the Scheme for approval and further authorisations.

For and on behalf of the Audit Committee of TRF Limited

Krishnava Dutt
(DIN: 02792753)
Chairman of the Audit Committee

Date: September 22, 2022

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