REPORT ADOPTED BY THE BOARD OF DIRECTORS OF JSL LIFESTYLE LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON 29TH DECEMBER, 2020

1. The Composite Scheme of Arrangement amongst Jindal Stainless Limited (the "**Amalgamated Company**"), Jindal Stainless (Hisar) Limited (the "**Amalgamating Company No. 1**"), JSL Lifestyle Limited (the "**Demerged Company**" and / or "**Amalgamating Company No. 2**"), Jindal Lifestyle Limited (the "**Resulting Company**"), JSL Media Limited (the "**Amalgamating Company No. 3**") and Jindal Stainless Corporate Management Services Private Limited (the "**Amalgamating Company No. 4**") (together referred to as "**Applicant Companies**") and their respective shareholders and creditors, pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder ("**Act**"), and also read with Section 2(1B) and Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961 provides for (i) Amalgamation of Amalgamating Company No. 1 into and with Amalgamated Company, and (ii) Demerger of the Demerged Undertaking (as defined in the Scheme) of JSL Lifestyle Limited and vesting of the same with and into Resulting Company, on a going concern basis, and (iii) Subsequent to the demerger of the Demerged Undertaking of the Demerged Company, amalgamation of the Amalgamating Company No. 2 into and with the Amalgamated Company (iv) Amalgamation of Amalgamating Company No. 3 into and with the Amalgamated Company; and (v) Amalgamation of Amalgamating Company No. 4 into and with the Amalgamated Company; in accordance with the terms of the Composite Scheme of Arrangement, various other matters incidental, consequential or otherwise integrally connected therewith. ("**Scheme**")

2. The Board of Directors of the Demerged Company / Amalgamating Company No. 2 ("**Board**") at its meeting held on 29th December, 2020 had approved the Scheme.

3. The Scheme is subject to the approval of:

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a. No-objection on the draft Scheme from the National Stock Exchange of India Limited, since Amalgamated Company and Amalgamating Company No. 1 are listed companies;
b. No-objection on the draft Scheme from the BSE Limited since Amalgamated Company and Amalgamating Company No. 1 are listed companies;
c. Approval of Board of Directors of all the Applicant Companies
d. Approval of the shareholders/ members and secured and unsecured creditors of the Applicant Companies as directed by the National Company Law Tribunal ("**NCLT**"); and
e. Order of the Chandigarh bench of NCLT approving the Scheme.

4. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors of the merging companies, explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key Managerial Personnel ("**KMP**") laying out in particular the share exchange ratio, specifying any special valuation difficulties.

5. Following documents were placed before the board:

i. Draft copy of the Scheme;

ii. Valuation Report dated 29th December, 2020, issued by Mr. Niranjan Kumar, Registered Valuer (IBBI Registration No. IBBI/RV/06/2018/10137), for determination of share exchange ratios under the Scheme ("Valuation Report");

iii. Fairness Opinion dated 29th December, 2020 prepared by SBI Capital Markets Limited, an Independent SEBI registered Category-I Merchant Banker, confirming that the share exchange ratios in the Valuation Report is fair to the Applicant Companies and their respective shareholders and creditors ("**Fairness Opinion**");

iv. the report dated 29th December, 2020 of the Audit Committee of the Board, after taking into consideration, inter-alia, the valuation report, the Share Exchange Ratios, the Fairness Opinion Report;

v. the report dated 29th December, 2020 of the Committee of the Independent Directors of the Board, recommending the Scheme, after taking into consideration, inter-alia, the valuation report, the Share Exchange Ratios, the Fairness Opinion Report and that the scheme is not detrimental to the interest of the shareholders of the Demerged Company / Amalgamating Company No. 2;

vi. Audited financial statements of the Applicant Companies for the year ending March 31, 2020, March 31, 2019 and March 31, 2018 along with audited financial statements of Amalgamating Company No. 2, 3 & 4 for the period ended 30th September, 2020;

vii. Un-audited financials along with the Limited Review Report of Amalgamated Company and Amalgamating Company No. 1 for half year ended September 30, 2020; and

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viii. Recommendations of the Sub-Committee.

6. **The Need and Rationale for the Scheme:**

i. The Board noted that the management of the Applicant Companies is of the view that the stainless steel industry is poised for substantial growth in the near to medium term which opportunity can be better capitalised as a consolidated entity which has a bigger balance sheet, larger portfolio of products and services and a more streamlined structure. The management of the Applicant Companies further believes that the proposed consolidation will result into better efficiencies and economies of scale and in the post pandemic world, a single unified organisation is likely to have a faster growth trajectory. The consolidated organization is also expected to create more value for all the stakeholders. Also, at the same time, the consolidated Scheme addresses the need for the two core businesses of the Demerged Company to be demerged and grown in separate legal entities as the nature of risk and opportunities involved in both these businesses is divergent and capable of attracting different sets of investors.

ii. **Rationale of the Scheme-**

The Board noted that the rationale for the proposed Scheme is as below –

(a) The Amalgamated Company proposes to enter into this Scheme with Amalgamating Company No. 1 and the Amalgamating Company No. 2, to consolidate their respective manufacturing/service capabilities thereby increasing efficiencies in operations and use of resources, to consolidate their diversified product and services portfolio for improving overall customer satisfaction, to pool their human resource talent for optimal utilization of their expertise, to integrate the marketing and distribution channels for better efficiency, to have a larger market footprint domestically and globally, to ensure optimization of working capital utilisation and with Amalgamating Company 3 and Amalgamating Company 4, to have a simplified and streamlined structure and help in better utilization of the resources and lead to operational efficiencies.

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(b) The management of the respective Applicant Companies are of the view that the amalgamations proposed in this Scheme is, in particular, expected to have the following benefits:-

- Consolidation of the complementing strengths will enable the Amalgamated Company to have increased capability for offering diversified products and services on a single platform. Its enhanced resource base and client relationships are likely to result in better business potential and prospects for the consolidated entity and its stakeholders.
- The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company. Deployment of resources in a more efficient manner is likely to enable faster expansion of the businesses of the Amalgamated Company.
- The consolidation of funds and resources will lead to optimisation of working capital utilization and stronger financial leverage given the simplified capital structure, improved balance sheet, optimised management structure and consolidation of cross location talent pool.
- The amalgamation will result in simplification of the group and business structure and will enable the consolidated entity to have a stronger global footprint and more extensive pan India network for deeper market penetration and enhancement of the overall customer satisfaction, engagement and retention.
- Above all, since, both, the Amalgamating Company No. 1 and the Amalgamated Company are companies belonging to the same promoter group which are engaged in manufacturing of stainless steel, the amalgamation pursuant to Part B of the Scheme will enable them to bring together their respective synergies in manufacturing of stainless steel thereby enhancing value for all the stakeholders.

(c) The Scheme envisages demerger of the Demerged Undertaking and vesting of the same in the Resulting Company pursuant to Part C of the Scheme, to

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enable the Resulting Company and the Demerged Company to achieve optimum growth and development of their respective business operations post such demerger. The nature of risk and opportunities involved in both the businesses is divergent and capable of attracting different sets of investors. The management of the respective companies believe that both the businesses (i.e. Non-Mobility Business and Mobility Business (*as defined in the Scheme*)) will benefit from separate focused management and separate investment strategy leading to development, expansion and growth for maximisation of stakeholder value.

(d) After the demerger of the Demerged Undertaking and vesting of the same into the Resulting Company pursuant to Part C of the Scheme the residual undertaking of the Amalgamating Company No. 2 which is engaged in the Mobility Business (*as defined in the Scheme*) and therefore has a greater synergy with the business of the Amalgamated Company (manufacture of stainless steel and stainless steel products) would be amalgamated with the Amalgamated Company pursuant to Part D of the Scheme to tap the larger resources of the Amalgamated Company, enhance its productivity and efficiency of operations and logistics.

(e) Amalgamation of the Amalgamating Company No. 3 pursuant to Part E of the Scheme will lead to a simplified and streamlined structure and help in better utilization of the resources and lead to operational efficiencies.

(f) Amalgamation of the Amalgamating Company No. 4 pursuant to Part F of the Scheme will also lead to a simplified and streamlined structure and help in better utilization of the resources and lead to operational efficiencies.

The management of the respective Applicant Companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders and all other stakeholders of the respective Companies

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7. **Share Entitlement Ratio Report:**

Exchange ratio as per the Valuation report dated 29th December, 2020, issued by Mr. Niranjan Kumar, Registered Valuer (IBBI Registration No. IBBI/RV/06/2018/10137) is as under:

(i) Following share exchange ratio has been determined for the allotment of the equity shares of the Amalgamated Company having face value of Rs. 2/- each to the shareholders of the Amalgamating Company No. 1 as on the Part B Record Date (as defined in the Scheme), in consideration for the amalgamation of the Amalgamating Company No. 1 with and into the Amalgamated Company:

"195 (One Hundred and Ninety Five) fully paid up equity shares of face value of Rs. 2 each of the Amalgamated Company shall be issued and allotted as fully paid up equity shares to the equity shareholders of the Amalgamating Company No. 1, for every 100 (One Hundred) fully paid up equity shares of face value of Rs. 2 each held by them in the Amalgamating Company No. 1."

"195 (One hundred ninety-five) GDS of Amalgamated Company shall be issued for every 100 (One hundred) GDS held in Amalgamating Company No. 1."

(ii) Following share exchange ratio has been determined for the allotment of the equity shares of the Resulting Company having face value of Rs. 10 each to the shareholders of the Demerged Company as on the Part C Record Date (as defined in the Scheme) whose names appear in the Register of Members of the Demerged Company –

"1 (One) fully paid up equity shares of face value of Rs.10 each of the Resulting Company shall be issued and allotted as fully paid up equity shares to the equity shareholders of Demerged Company, for every 1 (One) fully paid up equity share of face value of Rs. 10 each held by them in Demerged Company."

(iii) Following share exchange ratio has been determined for the allotment of the equity shares of the Amalgamated Company having face value of Rs. 2/- each to the shareholders of the Amalgamating Company No. 2 as on the Part D Record Date (as

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defined in the Scheme), in consideration for the amalgamation of the Amalgamating Company No. 2 with and into the Amalgamated Company:

"101 (One Hundred and One) fully paid up equity shares of face value of Rs. 2/- (Rupees Two) each of the Amalgamated Company shall be issued and allotted as fully paid up equity shares to the equity shareholders of Amalgamating Company No. 2, for every 100 (One Hundred) fully paid up equity share of face value of Rs. 10/- each held by them in Amalgamating Company No. 2."

(iv) Upon merger of Amalgamating Company No.1 with the Amalgamated Company, Amalgamating Company No. 3 which is currently a wholly owned subsidiary of Amalgamating Company No. 1 will become a wholly owned subsidiary of the Amalgamated Company, hence no further shares of the Amalgamated Company will be issued upon the amalgamation of the Amalgamating Company No. 3 with the Amalgamated Company

(v) Upon merger of Amalgamating Company No.1 with the Amalgamated Company, Amalgamating Company No. 4 which is currently jointly owned by the Amalgamated Company and the Amalgamating Company No.1, will become a wholly owned subsidiary of the Amalgamated Company, hence no further shares of the Amalgamated Company will be issued upon amalgamation of Amalgamating Company No. 4 into and with the Amalgamated Company

No special valuation difficulties were reported.

8. **Effect of the Scheme on the equity shareholders of the Amalgamating Company No. 2:**

The Board reviewed the:

a. Valuation Report dated 29th December, 2020, issued by Mr. Niranjan Kumar, Registered Valuer (IBBI Registration No. IBBI/RV/06/2018/10137), for determination of share exchange ratio under the Scheme.

b. Fairness Opinion dated 29th December, 2020 prepared by SBI Capital Markets Limited, an Independent SEBI registered Category-I Merchant Banker confirming

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that the share entitlement ratio in consideration of the Scheme is fair to the Company and its shareholders and creditors.

The Board is of the informed opinion, upon the recommendation of the Audit committee and the committee of the Independent Directors that the proposed Scheme is in the best interests of the Demerged Company / Amalgamating Company No. 2 and its shareholders and creditors. The impact of the Scheme on the shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

9. **Effect of the Scheme on the KMPs of the Demerged Company / Amalgamating Company No. 2:**

There is no impact of the Scheme on the KMPs of the Demerged Company / Amalgamating Company No. 2. Further, none of the KMPs have any interest in the Scheme except to the extent of shares held by them, if any, in the Demerged Company / Amalgamating Company No. 2.

Adoption of the Report by the Directors:

The Directors of the Company have adopted this Report after noting and considering the information set forth in this Report and documents placed before the Directors.

For and Behalf of the Board of **JSL Lifestyle Limited**

JSL LIFESTYLE LIMITED

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