

REPORT OF THE AUDIT COMMITTEE OF RAM RATNA WIRES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN RAM RATNA WIRES LIMITED ("THE COMPANY") AND GLOBAL COPPER PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 CONSIDERED AND APPROVED AT THE AUDIT COMMITTEE MEETING HELD ON THURSDAY, 13TH JUNE, 2024

Members Present:

Mr. Ramesh Chandak	- Chairman
Mrs. Payal Agarwal	- Member
Mr. Mahendrakumar Kabra	- Member
Mr. Ankit Kedia	- Member

1. Background of the Proposed Scheme of Amalgamation:

- 1.1. The Committee members noted that in its meeting held on 8th February, 2023 the Committee after considering the valuation report received from the appointed registered valuer and fairness opinion received from Securities Exchange Board of India ('SEBI') registered Merchant Banker and after recording the rationale, benefits and impact of the Scheme of Amalgamation of Global Copper Private Limited ("Transferor Company") with and into Ram Ratna Wires Limited ("Transferee Company" or "Company") and their respective shareholders ('the Scheme') along with noting that the Scheme was not detrimental to the interest of the shareholders of the Company had recommended the draft scheme to the Board of Directors for their consideration.
- 1.2. Post the approval of the Board of directors, the Scheme was filed with SEBI and Stock Exchanges (BSE and NSE) for their approval. Based on inputs from SEBI and considering lapse of considerable amount of time, BSE directed the Company to file a fresh merger application along with all documents including Valuation Report, Fairness Opinion, Certificates and necessary approvals from the Board and audit committee.
- 1.3. In light of the above, meeting of the Audit Committee of Ram Ratna Wires Limited, was held on 13th June, 2024 to consider and recommend to the Board of Directors of the Company (the "Board"), the proposed updated Scheme of Amalgamation of Global Copper Private Limited ("Transferor Company" or "GCPL") with and into Ram Ratna Wires Limited ("Transferee Company" or the "Company") and their respective



shareholders ("**the Scheme**") which provides for the amalgamation of GCPL with and into the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**the Act**").

- 1.4. GCPL is a company engaged in the business of manufacturing and dealing of Copper Seamless Tubes, Level Wound Coils (LWC), Pancake Coils (PCC), Straight Copper tubes etc.
- 1.5. The Scheme involves the amalgamation of GCPL into the Company in consideration of the Company issuing equity shares to the shareholders (other than the Company) of GCPL, the consequent dissolution of GCPL without winding up and various other matters consequential or integrally connected therewith with effect from the Appointed Date, as defined in the Scheme.
- 1.6. Equity shares of the Company issued and allotted pursuant to the Scheme shall be credited as fully paid up, free from any and all encumbrances and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects and have the same rights as attached to the then existing equity shares of the Company.
- 1.7. The Scheme will be filed with the National Company Law Tribunal ('NCLT'), Mumbai Bench, under Sections 230 to 232 and other applicable provisions of the Act, and the rules and regulations issued thereunder and also read with Sections 2(1B) and other applicable provisions of the Income-tax Act, 1961, as amended from time to time.
- 1.8. In terms of Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023 ("SEBI Circular"), issued by the Securities and Exchange Board of India ("the SEBI"), a report from the Audit Committee of the Company is required recommending the draft Scheme, taking into consideration, inter alia, the Valuation Report, commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Audit Committee is made in order to comply with the requirements of the SEBI Circular.
- 1.9. The Scheme is subject to receipt of approvals of Board of Directors, Shareholders and Creditors of the Transferor Company and the Transferee Company and approval, permissions and sanctions of regulatory and other statutory or governmental authorities as may be required, including those of the BSE Limited, National Stock Exchange of India Limited, SEBI and the NCLT.



2. Documents Reviewed

2.1. This report is made by the Audit Committee after perusing amongst other things, the following documents:

- a) Draft Scheme;
- b) Valuation report on recommendation of fair equity share exchange ratio dated 13th June, 2023 issued by Mr. Arpit Surendra Parikh (IBBI registration number IBBI/RV/07/2023/15379), Registered Valuer ("Valuation Report");
- c) Fairness opinion dated 13th June, 2023 issued by M/s Horizon Management Private Limited, an Independent SEBI Registered Category-I Merchant Banker, providing the fairness opinion on the share exchange ratio recommended in the Valuation Report;
- d) Certificate dated 13th June, 2023 from the Statutory Auditors of the Company i.e. M/s. Bhagwagar Dalal & Doshi, Chartered Accountants, in terms of Para (A)(5) of Part I of the SEBI Circular and Proviso to sub-clause (j) of Section 232(3) of the Act, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Act.
- e) Audited financials for three preceding financial years along with the audited financials of the latest quarter ended 31st March, 2024 accompanied by the limited review report of the Statutory Auditors of the Company;
- f) Audited financials for three preceding financial years and for the year ended 31 March, 2024 accompanied by the Audit Reports for GCPL; and.
- g) Pre and post amalgamation shareholding pattern of the Company and GCPL.

3. Salient features of the Scheme:

The Audit Committee considered and observed the following salient features in relation to the draft Scheme:

- 3.1. Amalgamation of the Transferor Company with and into the Transferee Company in accordance with Sections 230 to 232 of the Act and other applicable laws.
- 3.2. Pursuant to the sanction of the Scheme by the competent authorities and upon the conditions for the Scheme being fulfilled, the Scheme shall become effective from 1 April 2024 or such other date as may be approved by the NCLT ("**Appointed Date**").
- 3.3. With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking (as defined in the Scheme) of the Transferor Company shall stand



transferred to and vested in and/or be deemed to have been transferred to and vested in the Company as a going concern so as to become the Undertaking of the Company, by virtue of and in the manner provided for in the Scheme, in accordance with the Sections 230 to 232 and other applicable provisions of the Act.

3.4. Upon coming into effect of this Scheme, the equity shares held by the Transferee Company in the Transferor Company shall stand automatically cancelled without any further application, act or deed and no new shares in form of consideration shall be issued against the same.

3.5. Pursuant to the said Scheme, the Company shall issue shares to the shareholders of the Transferor Company in the following share entitlement ratio:

"6 (Six) fully paid equity shares of Rs.5/- (Rupees Five only) each of the Transferee Company for every 1 (One) fully paid equity shares of Rs.10/- (Rupees Ten only) each held by the shareholder in the Transferor Company."

3.6. Upon the Scheme being effective and upon the shares of the Transferee Company being issued to the shareholders of the Transferor Company, the Shares held in the Transferor Company shall stand cancelled.

3.7. Consolidation of the authorized share capital by combining the authorized share capital of the Transferor Company with the authorized share capital of the Company and consequential increase in the authorized share capital and alteration of the capital clause of the memorandum of association of the Company, as provided in the Scheme.

3.8. Amendment of the memorandum of association of the Company for adding the main objects clause provided in the memorandum of association of the Transferor Company.

3.9. The equity shares to be issued and allotted by the Company will be listed on BSE and NSE.

3.10. The Transferor Company shall stand dissolved without being wound up.

3.11. The Company shall account for the Scheme of Amalgamation in accordance with 'Pooling of Interest Method' of accounting prescribed under the Indian Accounting Standard (Ind AS) 103 — "Business Combination" notified under Section 133 of the



Act read with the applicable rules issued thereunder and as amended from time to time.

4. Need / Rationale / Objective / Synergies of the Scheme:

- 4.1. The Transferor Company is a subsidiary of the Transferee Company and forms part of the same group. The Transferee Company owns 60% of the total issued and paid-up share capital of the Transferor Company.
- 4.2. As a result of recent government policies like imposition of anti-subsidy duties as well as introduction of Production Linked Incentives, it is anticipated that the manufacturing activity of air conditioners with demand of copper tubes has a very bright future. The amalgamation of the Transferor Company and the Transferee Company shall be immensely helpful under these circumstances and shall help to streamline the current organization structure as well as to realize commercial synergies.
- 4.3. Through the Scheme, it is proposed to integrate the businesses of the Transferor Company and the Transferee Company to achieve synergies and following benefits:
- a) The proposed amalgamation will offer an immense opportunity to consolidate the product portfolio that are relevant to the industry under a single roof;
 - b) The proposed amalgamation will facilitate better reach in terms of various customer base and will provide a stronger market position to the merged entity;
 - c) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Transferor Company and the Transferee Company;
 - d) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the companies, combining various activities, such as material procurement, storage and dispatches, sharing of common utilities, which would result in significant growth in business;
 - e) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
 - f) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
 - g) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances,



- managerial and other expenditure, operational rationalization, organizational efficiency, optimal utilization of resources by avoiding duplication of efforts; and
- h) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins, and accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity.

4.4. The amalgamation is in the interest of both the companies, their respective shareholders, creditors, and all other stakeholders and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

5. Impact of Scheme on the Shareholders:

- 5.1. The Audit Committee discussed the salient features, rationale and expected benefits of the Scheme. The Committee noted that the proposed Scheme is not detrimental to the interest of the shareholders on account of benefits as enumerated above and that the Scheme will enhance the value of the merged entity and overall shareholder value.
- 5.2. The Audit Committee noted that upon coming into effect of the Scheme, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to each shareholder of the Transferor Company (except the Transferee Company) whose name is recorded in the register of members of the Transferor Company on the Record Date, 6 (Six) fully paid equity shares of Rs.5/- (Rupees Five only) each of the Transferee Company for every 1 (One) fully paid equity shares of Rs.10/- (Rupees Ten only) each held by the shareholders (except the Transferee Company) in the Transferor Company."
- 5.3. The Audit Committee also discussed at length the impact of the issuance of the new equity shares of the Transferee Company to the shareholders (except the Transferee Company) of the Transferor Company, and after due deliberations, concluded that the issuance of the new equity shares in terms of the Scheme will have no significant impact on the shareholders of the Transferee Company.



6. COST BENEFIT ANALYSIS OF THE SCHEME:

Although the 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 and lead to operational efficiency and cost savings through rationalization / consolidation of support functions and business processes.

7. RECOMMENDATION OF THE AUDIT COMMITTEE

The Audit Committee after due deliberations and detailed discussions, and, inter alia, taking into consideration the draft Scheme, Valuation Report, Fairness Opinion and certificates issued by the Statutory Auditors of the Company, have noted the rationale, benefits and the impact of the Scheme on shareholders and others concerned, and accordingly hereby recommends the Scheme to the Board of Directors of the Company for its consideration, approval and for favourable consideration by BSE Limited, National Stock Exchange of India Limited, SEBI and other appropriate authorities.

For and on behalf of the Audit Committee of Ram Ratna Wires Limited

A handwritten signature in blue ink, appearing to read 'Ramesh Chandak', is written over a circular blue stamp.

Name: Ramesh Chandak

Designation: Chairman of the Audit Committee

DIN: 00026581

Place: Mumbai

Date: 13th June, 2024