



AS PER SR No 12 of CHECKLIST
D & H INDIA LIMITED

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF D & H INDIA LIMITED ("TRANSFEREE COMPANY" OR "D&H") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND V & H INFRA PRIVATE LIMITED ("TRANSFEROR COMPANY" OR "V&H") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

This report is considered and approved by the Committee of Independent Directors of the Company ("Committee of Independent Directors") at its meeting held on 23rd December, 2024 at the Head Office of the Company at Plot No. A, Sector A, Industrial Area, Sanwer Road, Indore (M.P.) the at 1:00 P.M. and concluded at 1.30 P.M.

Members present:

1. Mr. Eshanya B. Gupta (Chairman) (DIN: 01727743)
2. Mr. Rajendra Bandi (DIN: 00051441)
3. Mr. Somendra Sharma (DIN: 10736941)

All the Members of the Committee were present at the meeting.

By invitation:

Mr. Rajesh Songirkar, Chief Financial Officer

In attendance:

Mr. Rajesh Sen, Company Secretary

1. BACKGROUND

- 1.1. A meeting of the Committee of Independent Directors of D & H India Limited was held on 23rd December, 2024, inter alia, to consider and recommend the proposed draft Scheme of Amalgamation of V & H Infra Private Limited ("Transferor Company") with D & H India Limited ("Company" or "Transferee Company") and their respective shareholders and creditors ("the Scheme") under Section 230 to 232 and other applicable provisions, if any of the Companies Act, 2013 ("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), Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other applicable laws including SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Circular").
- 1.2. The Company was incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the BSE Limited.
- 1.3. The Transferor Company was incorporated under the provisions of the Companies Act, 1956. The Transferor Company is promoted by Shri Harsh Vora and his family member. The promoters holds 96.00% of the total issued and paid-up share capital of the Transferor Company.
- 1.4. This report of the Committee of Independent Directors is made to comply with the requirements of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Clause (2)(i) of Para A of Part I of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and as amended from time to time.

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INDIA 2015

1.5. The following documents were placed before the Committee of Independent Directors and while deliberating on the Scheme, the Committee of Independent Directors had, inter alia, considered and took on record these documents:

- a) Draft Scheme;
- b) Valuation Report dated December 20, 2024, issued by Mr. Hemang Harshadbhai Shah, an Independent Registered Valuer (Reg.No. IBBI/RV/03/2020/12854) ("Registered Valuer") ("Valuation Report"), describing the methodology adopted by him in arriving at the recommended share swap ratio;
- c) Fairness opinion dated December 21st 2024, issued by Navigant Corporate Advisors Limited, SEBI Registered Merchant Banker (having INM000012243), providing fairness opinion on the fairness of share swap ratio as recommended in the Valuation Report prepared by Mr. Hemang Harshadbhai Shah, ("Fairness Opinion"); and
- d) Draft Auditor's Certificate, issued by M/s Devpura Navlakha & co. Chartered Accountants (Firm Registration No. 121975W), the Statutory Auditors of the Company confirming that the accounting treatment contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government under Section 133 of the Companies Act and other applicable provisions of the Act or the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and other generally accepted accounting principles.

2. SALIENT FEATURES OF THE SCHEME

The Committee of Independent Directors noted the brief particulars of the Scheme as under:

- a) This Scheme (as defined herein) is presented inter alia under Section 230 to 232 and other applicable provisions of the Act, SEBI Circular read with Section 2(1B) and other applicable provisions of the Income Tax (as defined in the Scheme) and other applicable law, if any. The Scheme provided for amalgamation of the Transferor Company into and with the Company and dissolution of the Transferor Company without being wound-up and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
- b) The appointed date (as defined in the Scheme) under Scheme is April 1, 2024 or such other date as the Hon'ble National Company Law Tribunals/ SEBI or any other statutory authorities may direct/fix ("Appointed Date").
- c) Upon the Scheme becoming effective and in consideration for the amalgamation of the Transferor Company with Company, Company shall, without any further application, act, instrument or deed, issue and allot Consideration Equity Shares, on a proportionate basis to the members of Transferor Company, whose names appear in the Register of Members of Transferor Company as on the Effective Date (as defined in the Scheme) or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title in the following manner:

"402 (Four Hundred Two) fully paid-up Equity Shares of face value of Rs.10/- (Rs. Ten only) each of the Transferee Company shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs.10/- (Rs. Ten only) each held in the Transferor Company."

- d) Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company along with all its assets, liabilities, contracts, employees, records etc. being integral part shall stand transferred to and vested in the Company, as a going concern subject to the provisions of the Scheme. The Transferor Company shall stand dissolved without being wound-up, without any further act or deed.



- e) From the Appointed Date and upto the Effective Date (as defined in the Scheme), the Transferor Company and Transferee Company shall carry on its business and activities with reasonable diligence and business prudence.
- f) The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme.

3. PROPOSED SCHEME OF AMALGAMATION

3.1 Need for the amalgamation and rationale of the Scheme

The Transferor Company is engaged in the business mining activities relating to business activities relating to mining, leading trading supplying/ Exporting Bentonite Powder for foundry applications And Iron ore pelletisation applications and the Transferee Company is engaged in the business of manufacturing and dealing in the welding electrodes and welding consumables and other allied products, etc. As a part of the business consolidation strategy, and addition into the business relating the mining activities it is desired to merge the transferor Company into the Transferee Company. The amalgamation of Transferor Company with Transferee Company would inter alia have the following benefits:

- Addition of new Business activities relating to Mining, dealing, trading supplying/ Exporting Bentonite Powder for foundry applications And Iron ore pelletisation applications, in pellet sectors with high value addition, adding further business opportunity by way of adding mining business for more Minerals and to generate additional business opportunities;
- To diversify operations and get a wider reach in the market for increasing the customer base of the companies;
- To achieve corporate growth objectives of business expansion;
- It would be advantageous to combine the activities and operations of the Transferor Company with Transferee Company (i.e., into a single company) for synergistic linkages and benefit of combined financial resources;
- Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, merger will enable optimal utilisation of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital needs and other purposes;
- Transferor as well as Transferee Company share common fundamental philosophies viz. corporate transparency and better governance. The Companies also share common corporate values.
- The proposed amalgamation will result in administrative and operations rationalization, organizational efficiencies, reduction in overheads, personnel costs, compliance cost, legal and tax compliance and other administrative expenses. It will prevent cost duplication and will result in synergies in operations. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.
- Greater integration and financial strength and flexibility for the combined entity, which would result in maximizing overall shareholder value and will improve the economic and competitive position of the combined entity;
- Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed



more efficiently to fund organic and inorganic growth opportunities, to maximize shareholders value;

- The Scheme is commercially and economically viable and feasible and is in fact fair and reasonable.

The amalgamation is in the best interest of both the companies, their respective shareholders and creditors and is not prejudicial to the interest of the concerned shareholders, creditors and other stakeholders.

3.2 Synergies of business of the entities involved in the Scheme

The background and information about the Company and Transferor Company are, inter alia, as under.

- a) The Transferor Company is, inter alia, engaged in the business of Mining, dealing, trading supplying/ Exporting Bentonite Powder for foundry applications And Iron ore pelletisation applications, in pellet sectors with high value addition mining activities.
- b) The amalgamation would benefit shareholders and other stakeholders of the respective Companies by consolidating and simplifying the group structure and business operations thereby facilitating in optimal utilization of various resources.
- c) The Transferee Company is inter alia engaged in the business of manufacturing and dealing in the welding electrodes and welding consumables are engaged and intent to diversify its business activities relating to mining and allied activities in the same line of business of the transferor company. Hence, the amalgamation would result in achieving greater market synergy for the amalgamated company by virtue of consolidation of brands resulting in better shareholder value for the shareholders of the company.
- d) The amalgamation would lead to greater and efficient use of infrastructure facilities and optimum utilisation of the available resources. There would be greater efficiency in cash management and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund growth opportunities, to further improve shareholders' value.
- e) Simplified management structure, leading to better administration and reduction in costs from more focused operational efforts, rationalization, standardization and simplification of business processes, the elimination of duplication, and rationalization of administrative expenses.

3.3 Impact of the Scheme on the Company and its Shareholders

- a) The Scheme is expected to be beneficial to the shareholders of the Company leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders, achieving cost and operational efficiencies. The equity shares that will be issued by the Company on account of the Scheme will result in dilution of the existing shareholding in the Company and the shareholders of the Company in turn will benefit on account of: (a) synergies which are expected to accrue to the Company; and (b) cost & operational efficiencies;
- b) In consideration for the amalgamation of the Transferor Company with the Company, the shareholders of the Transferor Company, as on the Effective Date (as defined in the Scheme) shall receive equity shares of the Company. Further, the rights and interests of the shareholders of the Company will not be prejudicially affected by the Scheme, and there will be no change in economic interest of the shareholders of the Company, before and after the Scheme. The equity shares to be



- issued by the Company to the shareholders of the Transferor Company pursuant to the Scheme shall rank pari passu in all respects with the then existing equity shares of the Company;
- c) The shareholders of the Company will continue to be the shareholders of the Company;
 - d) Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound-up and the shareholders of the Transferor Company shall become "public" shareholders of the Company;
 - e) After the effectiveness of the Scheme and subject to the receipt of regulatory approvals, the equity shares of the Company issued as consideration pursuant to the Scheme, shall be listed on BSE Limited.

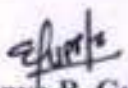
3.4 Cost benefit analysis of the Scheme

The Scheme is expected to provide an opportunity to improve the economic value for the companies involved in the Scheme and their stakeholders, in view of the consolidation of the business. This is primarily on account of various cost and operational synergies which are expected to accrue to the Company on account of the Scheme and more particularly detailed out in paragraph 3.2 above. While the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a long period would far outweigh such costs for the stakeholders of the Company.

4. RECOMMENDATION OF THE COMMITTEE OF THE INDEPENDENT DIRECTORS

The Committee of Independent Directors has taken on record the Valuation Report and Fairness Opinion and the recommendations made therein.

Taking into consideration the draft Scheme, Valuation Report, Fairness Opinion and Certificate issued by Statutory Auditors of the Company, need and rationale of the Scheme, synergies of the business of the companies, impact of the Scheme on the company and its shareholders, cost benefit analysis of the Scheme and other documents placed before the Committee of Independent Directors, the Committee of Independent Directors is of the view that the Scheme is not detrimental to the interests of the shareholders of the Company and recommends the draft Scheme for the favourable consideration and approval by the Board of Directors of the Company.


Eshanya B. Gupta
Chairman of Committee of Independent Directors
(DIN: 01727743)
Date: 23rd December, 2024
Place: Indore

