

# D & H INDIA LIMITED

**REPORT OF THE MEETING OF 4/2024 AUDIT COMMITTEE OF D & H INDIA LIMITED FOR RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF V & H INFRA PRIVATE LIMITED WITH D & H INDIA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON MONDAY THE 23<sup>RD</sup> DECEMBER, 2024 AT HEAD OFFICE AT PLOT NO. A, SECTOR A, INDUSTRIAL AREA, SANWER ROAD, INDORE (M.P.) THE AT 2:00 PM AND CONCLUDED AT 3.00 P.M.**

**MEMBERS PRESENT: (PHYSICALLY)**

1. Mr. Eshanya B. Gupta (Chairman) (DIN: 01727743)
2. Mr. Rajendra Bandi (DIN: 00051441)
3. Mrs. Atithi Vora (DIN: 06899964)

**In Attendance of**

Mr. Rajesh Songirkar (Chief Financial Officer)

Mr. Rajesh Sen (Company Secretary & Compliance Officer)

**1. Background :**

1.1. The Proposal to consider and recommend draft Scheme of Amalgamation in the nature of merger/amalgamation of V & H Infra Private Limited ("Transferor Company" / "V&H") with D & H India Limited ("Transferee Company" / "D&H") and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 read with applicable rules made there under. "Scheme" was placed before and considered by members of the Audit Committee at its meeting held on 23<sup>rd</sup> December, 2024.

1.2. The Equity Shares of D & H India Limited are listed on BSE Limited ("BSE"). The Company will be filing the Scheme along with the necessary documents/ information with the BSE for their No Objection or No Observation Letter pursuant to Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and applicable statutory provisions.

1.3. The Report of the Audit Committee is made to comply with the requirements of SEBI LODR Regulations and master circular in relation to scheme of arrangement issued by SEBI having No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of SEBI LODR Regulations ("SEBI Master Circular" ) considering following :

- A. Valuation report dated 20<sup>th</sup> December, 2024 issued by Mr. Hemang Harshadbhai Shah, an Independent Registered Valuer (Reg.No. IBBI/RV/03/2020/12854) ("Registered Valuer") appointed for recommending the fair share exchange ratio for the purpose of this Scheme.



**Head Off. & Correspondence Address :** Plot 'A', Sector 'A', Industrial Area, Sanwer Road, INDORE - 452 015 (M.P.) INDIA Ph.: +91 731 2973101 & 2974501 Email: ho@dnhindia.com

**Regd. Off.:** A-204, Kailash Esplanade, Opp. Shreyas Cinema, L.B.S. Marg, Ghatkopar (W) MUMBAI - 400 086 (MH) INDIA Ph.: +91 22 25006441, **Website:** www.dnhindia.com

CIN : L28900MH1985PLC035822



B. Fairness Opinion Report dated 21<sup>st</sup> December, 2024 issued by Navigant Corporate Advisors Limited, SEBI Registered Merchant Banker (having INM000012243), providing fairness opinion ("Fairness Opinion") on the share exchange ratio recommended in the Valuation Report issued by Registered Valuer; and;

## 2. Proposed Scheme :

2.1. The Scheme, inter-alia, provides the following:

- a. merger of V & H Infra Private Limited with D & H India Limited; and
- b. various other matters consequential or otherwise integrally connected herewith.

2.2. Appointed Date of the Scheme is 1<sup>st</sup> April 2024.

2.3. The Effective Date for the Scheme means the last date on which the certified copies of the orders of National Company Law Tribunal sanctioning this Scheme, is filed by Transferor and Transferee Company with the jurisdictional Registrar of Companies ("ROC").

2.4. The Scheme would be subject to the sanction or approval of the National Company Law Tribunal, SEBI, Stock Exchanges, Shareholders, Creditors and other Appropriate Authorities (as defined in the Scheme).

## 3. Need for the Merger, Rationale of the Scheme and Synergies of business of the entities involved:

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.

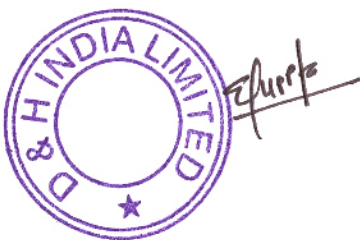


Specifically, merger will enable optimal utilisation of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital 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.

#### **4. Impact of the Scheme on the shareholders of the Company:**

- 4.1. Pursuant to the Scheme, shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both the Companies and their respective shareholders.
- 4.2. The proposed merger will create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, product diversification and expanded reach with increased ability to growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies amongst others;
- 4.3. Greater efficiency in cash management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximise shareholder value;
- 4.4. The Scheme is expected to be beneficial to the Companies and its shareholders and all other stakeholders in large and is not detrimental to any of the shareholders of the Company.



## 5. Cost benefit analysis of the Scheme:

5.1. After a careful evaluation, the Company believes that this amalgamation would result in improving the potential for further expansion of businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity; optimal utilisation of resources creation of asset base and facilitating access to better financial resources; and greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.

5.2. 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. Further, keeping in view of synergies and the cost benefits expected, the Audit Committee is of the view that the proposed Scheme of Amalgamation will provide reduction of cost in the long term.

## 6. Recommendation of Audit Committee :

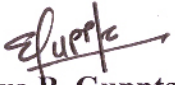
6.1. Pursuant to the above, the Audit Committee has perused the following documents:

- a) Draft Scheme of Amalgamation between V & H Infra Private Limited and D & H India Limited and their respective shareholders and creditors;
- b) Valuation Report dated 20.12.2024 issued by Mr. Hemang Harshadbhai Shah, Registered Valuer.
- c) Fairness Opinion recommended to the Board that the Share Exchange Ratio is fair to the shareholders (including the minority shareholders) of D & H India Limited, dated 21.12.2024 issued by Navigant Corporate Advisors Limited, SEBI Registered Merchant Banker.

6.2. The Audit Committee having considered and noted the above, recommends the draft Scheme to the Board, in its present form for favourable consideration by the Board, Stock Exchanges, National Company Law Tribunal, SEBI and other regulatory authorities, as may be applicable.

6.3. In the opinion of the members of the Audit Committee present at the Meeting, draft Scheme is in the best interest of all the stakeholders of D & H India Limited including shareholders, customers, lenders and employees and the share exchange ratio as mentioned in the Valuation Report is fair and reasonable.

**By Order of the Audit Committee of  
For, D & H India Limited**

  
**Eshanya B. Gupta**  
**Chairman of the Audit Committee**  
**DIN: 01227743**  
**Place : Indore**  
**Date : 23.12.2024**

