MSP STEEL & POWER LIMITED
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Report of Independent Director of MSP Steel and Power Limited ("The Company")

[As per para (A)(2)(i) of Part I of SEBI Master Circular dated June 20, 2023]

To the Board of Directors of MSP Steel and Power Limited,

We, the Committee of Independent Directors, have thoroughly examined the Scheme of Arrangement between MSP Sponge Iron Limited ("Demerged Company" or "MSP Sponge") and MSP Steel and Power Limited ("Resulting Company" or "MSP Steel") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules thereunder ("The Scheme") presented to us and have taken into consideration various factors, including the provisions stated in para (A)(2)(i) of Part I of the SEBI Master Circular dated June 20, 2023. ("SEBI Master Circular')

We are pleased to present our report and recommendations regarding the Scheme, ensuring the protection of shareholders' interests as under:

Members Present:

1.	Anubhav Goenka
2.	Suneeta Mohanty
3.	Pranab Chakrabarty

Report on The Scheme

1. **Background**:

1.1. A Meeting of the Independent Directors Committee of MSP Steel and Power Limited was held on 2nd September, 2026 to consider and if thought fit, to recommend the draft Scheme of Demerger of identified undertaking ("Demerged Undertaking") of MSP Sponge into MSP Steel and their respective Shareholders ("the Scheme"), pursuant to provisions of section 230 to 232 and any other applicable provisions, if any, of the Companies Act, 2013 and rules and regulations made thereunder.

1.2. The Equity Shares of the Company are listed on BSE Limited ("BSE") (hereinafter referred to as "designated Stock Exchange"), and National Stock Exchange Limited ("NSE"). The Company shall file the draft Scheme along with necessary information/ disclosure and

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compliance documents with BSE and NSE for their approval under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations, 2015") for obtaining approval of approval of SEBI and stock exchanges in terms of SEBI Master Circular.

1.3. The Scheme is subject to the approval of the Board of Directors, Shareholders and Creditors of the Companies, if applicable; SEBI and Stock Exchanges in terms of SEBI Master Circular and also subject to sanction of the Hon'ble National Company Law Tribunal, Kolkata Bench ("NCLT"); and subject to such other approvals, permissions, and sanctions of Regulatory and any other Authorities, as may be necessary.

1.4. This Report of the Independent Directors of the Company is prepared and submitted in order to comply with the requirements of the SEBI (LODR) Regulations, 2015 and the SEBI Master Circular.

1.5. The following documents were placed before the Independent Director Committee of the Company during their meeting:

a. Draft of the Scheme
b. Shareholding pattern of the Demerged Company
c. Pre and Post Shareholding of the Resultant Company
d. Report on recommendation of share exchange ratio dated 2nd September 2026, issued by Finvox Analytics ("Finvox" or "Registered Valuer" or the "Firm") **(IBBI/RV-E/06/2020/120)** and SSPA & Co., Chartered Accountants ("SSPA" or "Joint Valuer") (IBBI/RV-E/06/2020/126), Independent Registered Valuers - Securities or Financial Assets,
e. Fairness Opinion Report dated 2nd September 2026 issued by M/s. Fortress Capital Management Services Private Ltd, Merchant Bankers an Independent SEBI Registered Merchant Banker (SEBI Reg. No.: INM000011146);
f. Certificate from the Statutory Auditors of the Company by M/s Singhi & Co., (Firm Registration No.: 302049E), confirming that the accounting treatment in the books of the Company as proposed in the draft Scheme is in compliance with the Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013;
g. Report from the Audit Committee recommending the draft Scheme.

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2. Rationale of Scheme and Need for Demerger of Demerged Undertaking from the Demerged Company into the Resulting Company

2.1 The demerger of the Demerged Undertaking (as defined herein under) from MSP Sponge to MSP Steel is based on the following rationale:

2.1.1 The Demerged Company and the Resulting Companies are mostly engaged similar businesses i.e. manufacturing of iron and steel. Accordingly, the Board of Directors of both the Companies intend to bring the manufacturing businesses of the Demerged Company and the Resulting Company under one entity, since they recognize the fact that combining both the business divisions will enable the Resulting Company to optimize the utilization of the specialized skills and knowledge, cash flow profiles, and operational and training requirement. In this scenario, the Board of Directors of both the Companies are of the view that it would be better to demerge the 'Manufacturing Business' of the Demerged Company into the Resulting Company and additionally take advantage of the economies arising out of integration of the business under Resulting Company.

2.1.2 The Demerger will achieve cost efficiencies through economies of scale.

2.1.3 The Demerger would result in enhanced potential for increase in revenues and profits over time for the Resulting Company and its members and create substantial value for stakeholders through EPS accretion.

2.1.4 The Demerger will result in increased flexibility and enhance the ability of Demerged Company and Resulting Company to undertake their respective businesses, thereby contributing to enhancement of future business potential.

2.1.5 The Demerger will eliminate intra-group transactions and consequent cash flow blockages which shall result in streamlined cash flow management and efficient utilization of capital.

2.1.6 The Demerger will enhance the net worth of the combined business to capitalize on future growth potential since both the entities are engaged in similar line of business.

2.1.7 The transfer and vesting of the Demerged Undertaking along with assets and liabilities relating to the Demerged Undertaking into Resulting Company, will benefit Resulting Company and its shareholders / members.

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2.2 Pursuant to the demerger, the shareholders of the Demerged Company will be allotted shares of the Resulting Company which is listed thus, increasing the long-term value for all the shareholders of the Demerged Company.

2.3 The proposed demerger will assist in the potential of the respective businesses being realized more fully and will have beneficial results for the said companies and their shareholders.

2.4 The Scheme is in the interest of shareholders and creditors and there is no likelihood that any shareholder or creditor of either Demerged Company or Resulting Company would be prejudiced as a result of the Scheme.

2.5 The Scheme will neither impose any additional burden on the shareholders of the Demerged Company, nor will it adversely affect the interests of any of the shareholders or creditors of the Demerged Company and the Resulting Company. Further, the Scheme is only for the transfer and vesting of the Demerged Undertaking by way of an arrangement from the Demerged Company into the Resulting Company and is not an arrangement or compromise with the creditors of any of the entities involved in the Scheme.

3. **<u>Synergies of Business of the Entities involved in the Scheme</u>**

Amongst the benefits arising out of the proposed Scheme stated in above para, the committee noted that the Scheme would consolidate all the resources of identified undertaking of MSP Sponge into MSP Steel.

4. **<u>Salient Features of the Scheme</u>**

4.1 The identified undertaking of Demerged Company shall pursuant Section 230 to 232 of the Companies Act, 2013 and other relevant provision of the Companies Act, 2013 and the order of the NCLT sanctioning the Scheme, without any further act, instrument or deed, be transferred to and vested in or deemed to be transferred to and vested in the Resulting Company from the Appointed Date i.e. 1st April 2026 on a going concern basis, in accordance with Section 2(35) of the Income-tax Act, 2025 so as to vest in the Resulting Company all rights, title and interest of Demerged Companies therein subject to the subsisting charges and pledges, if any.

4.2 Assets and liabilities (including Immovable Properties, Intellectual Properties Rights and Intangible Assets) of the Demerged Undertaking, upon the coming into effect of this Scheme and with effect from the Appointed Date, under the provisions of Sections 230 to 232 of the

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Act, without any further act or deed or instrument or conveyance for the same shall deemed to be transferred to the Resulting Company and shall become the assets and properties of the Resulting Company.

4.3 In consideration of the demerger of the Demerged Undertaking of the Demerged Company with and into Resulting Company, the Resulting Company shall issue and allot without any further application, act, deed payment, consent acts, instruments or deed, shares to the shareholders of Demerged Company (other than the Resulting Company) whose names are recorded in the register of members of the Demerged Company as on the Record Date ('Eligible Shareholders') in following ratio

5 equity shares of the Resulting Company, credited as fully paid-up equity shares of the face value of INR 10 each, for every 1 (One) fully paid-up equity shares of the face value of INR 10 (Indian Rupees Ten) of Demerged Company

4.4 All staff and employees of the Demerged Undertaking, as on the Effective Date shall be deemed to have become staff and employees of the Resulting Company without any break or interruption in their services, on same terms and conditions of their employment with the Demerged Company. The Resulting Company further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past service with the Demerged Company, as the case maybe, shall also be taken into account. The Demerged Company undertakes to continue to abide by the terms of agreement/settlement entered into by the Demerged Company with employees' union/employee or association as the case may be.

5. **Scheme is not detrimental to the shareholders of the Company**

5.1. The committee members discussed and deliberated upon the rational and salient features of the Scheme, Share Entitlement Ratio Report, Fairness Opinion and other documents presented to it. The committee members noted that the New Equity Shares are being issued to the shareholders of the Demerged Company by Resulting Company as consideration for the demerger of the Demerged Undertaking, which will be listed on BSE and NSE.

5.2. Further, the Scheme will facilitate creation of value for the shareholders of the Company by combining similar business activities under a single entity which would optimize business

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operations, achieve economies of scale, create operational efficiency, enabling common production platform and ensuring better utilization of resources.

5.3. For the purpose of arrival at the recommended Share Entitlement Ratio, the Share Entitlement Ratio, Report was obtained by both Companies in terms of the SEBI Master Circular.

5.4. The independent registered valuer appointed to determine the recommended Share Entitlement Ratio for the proposed demerger pursuant to the Scheme has not expressed any difficulty while determining the same.

5.5. The independent valuer has arrived at the Share Entitlement Ratio in connection with the Scheme as outlined in the Share Entitlement Ratio Report.

5.6. In light of the aforementioned rationale of the Scheme and other related matters, the Committee of Independent Directors is of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Company, including minority shareholders.

6. Cost Benefit Analysis

Although the Scheme would lead to incurring some costs towards its implementation, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company in terms of achieving cost efficiencies through economies of scale, value creation for shareholders amongst other benefits as specified under need & rationale of the Scheme. It will be beneficial for the Demerged Company and Resulting Company.

7. Recommendation of the Independent Directors of the Company

7.1 Based on our detailed analysis and evaluation of all the foregoing included in this report and in the draft Scheme, the Independent Directors of the Company unanimously recommends the draft Scheme taking into consideration, inter alia, that the Scheme is not detrimental to the shareholders of the Company, for respective favourable consideration and approval.

7.2 The Demerger will achieve cost efficiencies through economies of scale and would result in enhanced potential for increase in revenues and profits over time for the Resulting Company and its members and create substantial value for stakeholders through EPS accretion amongst others benefit mentioned in the rationale of the Scheme.

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7.3 This Report is issued by the Chairman in terms of the Independent Directors authorization in the meeting.

For Independent Directors Committee of MSP Steel and Power Limited

Anubhav Goenka
Chairman of the Committee
DIN: 00543736
Date: 2nd September 2026
Place: Kolkata

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