JSW Steel Limited

Regd. Office : JSW Centre,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
CIN : L27102MH1994PLC152925
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REPORT OF THE AUDIT COMMITTEE OF JSW STEEL LIMITED ("COMPANY" OR "TRANSFEREE COMPANY") RECOMMENDING THE SCHEME OF AMALGAMATION OF BMM ISPAT LIMITED WITH THE COMPANY AND THEIR RESPECTIVE SHAREHOLDERS

This report is considered and approved by the Audit Committee of the Company ("**Audit Committee**") at its meeting held on May 14, 2026**,** at the registered office of the Company at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 where the following Audit Committee members were present:

Directors present:

1. Mr. Seturaman Mahalingam - Chairman
2. Mr. Shyamal Mukherjee - Member
3. Ms. Fiona Jan Mary Paulus - Member

Leave of Absence: All the Members were present.

Mr. Seturaman Mahalingam, Chairman of the Audit Committee took the Chair.

1. Background

1.1. The proposed Scheme of Amalgamation of BMM Ispat Limited ("**Transferor Company**") with JSW Steel Limited ("**Company**" or "**Transferee Company**") and their respective shareholders ("**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**the Act**") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and the relevant provisions of the Securities and Exchange Board of India ("**SEBI**") Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Circular**") and SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/0000000103 dated July 11, 2025 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("**SEBI LODR**"), has been placed before the Audit Committee at its meeting held on May 14, 2026, to consider and recommend the said Scheme.

1.2. As per the SEBI Circular, the Audit Committee is required to adopt a report recommending the scheme, taking into consideration *inter alia*, the valuation report, and commenting on the need for the amalgamation, rationale of the scheme, cost benefit analysis of the scheme, impact of the scheme on the shareholders and synergies of business of the entities involved in the scheme. This report of Audit Committee is made in order to comply with the requirements of the SEBI Circular.

1.3. The Audit Committee has considered, reviewed and discussed the following in this respect:

(a) the draft Scheme;

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(b) valuation report dated May 14, 2026 issued by M/s. KPMG Valuation Services LLP (IBBI Registration No. IBBI/RV-E/06/2020/115), an independent and registered valuer, in respect of the equity share exchange ratio in connection with the proposed Scheme ("**Valuation Report**");

(c) fairness opinion dated May 14, 2026 issued by M/s. JM Financial Limited (SEBI Registration No. INM000010361), an independent and SEBI registered Category I merchant banker, providing opinion on the fairness of the equity share exchange ratio proposed in the Valuation Report ("**Fairness Opinion**"); and

(d) certificate from the statutory auditor of the Company i.e. M/s. S R B C & Co LLP, Chartered Accountants, (ICAI Firm Registration No. 324982E/E300003), (i) certifying the payment/ repayment capability of the Company against outstanding listed Non Convertible Debentures ("NCDs") of the Company; and (ii) confirming the accounting treatment stated in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act and other generally accepted accounting principles .

2. Proposed Scheme

The Audit Committee has reviewed the draft Scheme and noted it's salient features *inter alia* as set out below:

(a) amalgamation of Transferor Company with the Company in accordance with Sections 230 to 232 and other applicable provisions of the Act, and Section 2(6) of the Income-tax Act, 2025;

(b) the Appointed Date of the Scheme is April 1, 2026;

(c) upon the Scheme coming into effect and with effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Company as a going concern, and the assets and liabilities and the entire business of the Transferor Company shall stand transferred to and vested in the Company;

(d) the Company will issue and allot 1 (one) fully paid up equity share of INR 1 (Indian Rupee One) each of the Company to the equity shareholders of the Transferor Company as on the Record Date (*as defined in the Scheme*) for every 18 (eighteen) fully paid up equity shares of INR 10 (Indian Rupees Ten) each held by such equity shareholder of the Transferor Company. Equity shares issued by the Company as consideration to the equity shareholder of the Transferor Company will be listed on the BSE Limited and National Stock Exchange of India Limited ("collectively referred to as **Stock Exchanges**");

(e) upon the Scheme becoming effective, Transferor Company shall stand dissolved without being wound-up; and

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(f) upon the Scheme coming into effect, the Company shall account for the amalgamation of the Transferor Company as per the "Acquisition Method" in accordance with accounting principles as laid down in Indian Accounting Standard 103 ("Business Combinations") notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.

3. Need and rationale for the Scheme

The Audit Committee noted and agreed with the need and rationale of the Scheme which is set out below:

"The amalgamation of the Transferor Company with the Transferee Company will result in the following benefits:

a) Both the Transferor Company and the Transferee Company operate in substantially similar lines of business, being primarily engaged in the production, manufacture and sale of steel and allied or iron and steel products in India and other markets, and both maintain steel-producing facilities in the State of Karnataka. The amalgamation is expected to strengthen both, the Transferor Company and the Transferee Company's long products portfolio, augmenting its capacity in segments such as TMT bars and billets that are presently supplied or transacted between the parties, and thereby improving the depth and competitiveness of its overall product offering.

b) Post effectiveness of the Scheme, the current procurement and off-take arrangements between Transferor Company and Transferee Company will be internalized within a single legal entity, leading to better optimization of raw material flows, inventory levels and production planning, resulting in improved operating efficiencies and margin.

c) The Transferor Company's steel facility in Karnataka is located within close proximity of Transferee Company's Vijayanagar plant, providing a natural logistical and operational integration opportunity to both the Parties.

d) The merger will enable the sharing and rationalization of common resources such as operations and maintenance, logistics, utilities, marketing and sales, finance, human resources, information technology and other support functions.

e) The Transferor Company has environmental clearances in place for 2.10 MTPA and also has availability of expansion ready land. The merger will provide the Transferee Company with an opportunity to increase its installed capacity base in a significantly faster and more economical manner than would be possible through a greenfield expansion.

The Scheme is, therefore, in the best interests of the Parties and fair and reasonable for the shareholders, employees, creditors and other stakeholders of each of the Parties."

4. Synergies of business of the entities involved in the Scheme

As detailed above regarding the need and rationale for the Scheme, it is observed that the companies are engaged in similar and / or complementary businesses and the proposed amalgamation pursuant to the Scheme will create synergies between their businesses, including by pooling of their financial, managerial, technical, distribution, marketing and other resources. The proposed amalgamation is expected to, inter alia, result in reduction of costs, better alignment, coordination and streamlining of day-to-day operations.

5. Impact of the Scheme on shareholders and NCD holders

5.1. Upon the Scheme becoming effective, the Company will issue and allot 1 (one) fully paid up equity share of INR 1 (Indian Rupee One) each of the Company to the equity shareholders of the Transferor Company as on the record date for every 18 (eighteen) fully paid up equity shares of INR 10 (Indian Rupees Ten) each held by such equity shareholder of the Transferor Company.

5.2. If any shareholder of Transferor Company becomes entitled to a fractional equity share to be issued by the Company, then the treatment of such fractional equity share will be as provided under the Scheme.

5.3. The rights and interests of the shareholders of the Company will not be prejudicially affected by the Scheme.

5.4. Pursuant to the Scheme, there will be no change in terms and conditions of the NCDs of the Company. The holders of the NCDs of the Company as on the Effective Date will continue to hold the NCDs, without any interruption and on the same terms including the coupon rate, the tenure, the redemption price, quantum, and the nature of security, ISIN, etc. Accordingly, the interests of the NCD holders are protected.

5.5. Upon the Scheme becoming effective, the said NCDs will continue to be freely tradeable and listed on BSE Limited, thereby providing liquidity to the holders of the NCDs and accordingly, no exit offer is provided to holders of NCDs of the Company. Accordingly, this Scheme will have no adverse impact on the holders of the NCDs of the Company.

6. Cost Benefit analysis of the Scheme

The Audit Committee noted that the Scheme will provide an opportunity to improve the economic value for the companies involved in the Scheme and their stakeholders. The proposed amalgamation will result in deriving benefits by improved synergies which are expected to accrue to the Company on account of the Scheme and more particularly detailed out in Paragraph 3 and 4 above. The Audit Committee further noted that while 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.

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7. Recommendation of the Audit Committee

7.1. The Audit Committee, having considered and noted *inter alia*, the aforesaid Valuation Report, Fairness Opinion, and other documents placed before it recommends the Scheme for approval to the Board of Directors of the Company.

For and on behalf of the Audit Committee of JSW Steel Limited

Seturaman Mahalingam
Chairman of the Audit Committee
DIN : 00121727

Date: May 14, 2026