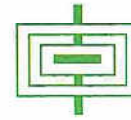




KPL INTERNATIONAL LIMITED



Statesman House,
10th Floor,
148, Barakhamba Road,
New Delhi-110001

Tel : 91-11-43606200, 23321019
Fax : 91-11-23355824
E-mail : info@kplintl.com
Website: www.kplintl.com
CIN : U23209DL1974PLC029068

NOTICE OF THE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF UNSECURED CREDITORS

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KPL INTERNATIONAL LIMITED**NOTICE OF THE NCLT CONVENED MEETING OF THE UNSECURED CREDITORS OF KPL
INTERNATIONAL LIMITED****MEETING:**

Day	Saturday
Date	April 24, 2021
Time	3.00 P.M.
Venue	Pursuant to the Hon'ble NCLT, New Delhi Bench's Order dated 12.03.2021, received by us on 16.03.2021, the meetings shall take place at the registered office of the Company. , i.e., 212A, 216 &222, 2nd Floor, Indraprakash, 21, Barakhamba Road, New Delhi 110001 and via video conferencing/ other audio visual means

FORM NO. CAA.2

[Pursuant to Section 230(3) and rule 6 and 7]

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
NEW DELHI BENCH
C.A. (CAA) No. 26/ND/2021

In the Matter of: -
The Companies Act, 2013;

And

In the Matter of: -
Section 230 read with section 232 of the Companies Act,
2013 and Companies (Compromises, Arrangements and
Amalgamation) Rules, 2016;

And

In the Matter of Scheme of Amalgamation
of

Vardhan Finvest Limited

... Transferor Company

with

KPL International Limited

... Transferee Company

And

In the Matter of: -

KPL International Limited, a company
incorporated on 17th April , 1974 under the
Companies Act, 1956, U23209DL1974PLC029068,
and having its registered office at 212A, 216 and
222, 2nd Floor, Indraprakash 21, Barakhamba
Road, New Delhi – 110001

....Transferee Company

**NOTICE OF THE MEETING OF UNSECURED CREDITORS OF THE TRANSFEREE
COMPANY**

To,
The Unsecured Creditors of the Transferee Company

NOTICE is hereby given that by an Order dated the 12th March, 2021, received by us on 16th March, 2021, the Hon'ble National Company Law Tribunal, New Delhi, Bench VI ("NCLT" or "Tribunal") has directed a separate meeting to be held of the Unsecured Creditors of the Transferee Company for the purpose of considering, and if thought fit, approving with or without modification, the following resolution w.r.t. the proposed Scheme of Amalgamation under section 230 read with section 232 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force):

"RESOLVED THAT pursuant to provisions of sections 230 read with section 232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory amendment(s), modification(s) or re-enactment thereof for the time being in force), and the National Company Law Tribunal Rules, 2016 and in accordance with relevant clauses of the Memorandum of Association and Articles of Association of the Company and subject to the approval of the Hon'ble National Company Law Tribunal, New Delhi Bench, New Delhi ("NCLT" or "Tribunal") and subject to such other approvals, permissions and sanctions of regulatory and sectoral authorities, if any, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the NCLT or by any regulatory or other sectoral authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company, the proposed Scheme of Amalgamation between and the Transferor and the Transferee Company and their respective shareholders. ("Scheme"), placed before the meeting be and is hereby approved.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for the removal of difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any committee or any person(s) which the Board may nominate or constitute or delegate to exercise its powers, including the powers conferred under above resolutions), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any questions or difficulties that may arise with regard to the implementation of the above resolution, including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution or to carry out such modifications / directions as may be ordered by the NCLT while sanctioning the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

In pursuance of the said order and as directed therein, further notice is hereby given that a meeting of Unsecured Creditors of Transferee Company will be held on Saturday, the 24th day of April 2021 at 3:00 p.m. at "212A, 216 & 222, 2nd Floor, Indraprakash 21, Barakhamba Road, New Delhi - 110001" at which time and place the said Unsecured creditors are requested to attend.

The creditor entitled to vote, can vote on resolutions at the venue via poll or through remote voting via VC/OAVM.

The remote e-voting would be available from 21.04.2021 (9.00 A.M.) to 23.04.2021 (5.00 P.M.), both days inclusive, at the NSDL Website www.evoting.nsdl.com

Copy of the said Scheme of Amalgamation, the statement under section 230(3) of the Companies Act, 2013 and form of proxy are annexed to this notice. Persons entitled to attend and vote at the meeting, may vote in person or by proxy and/or authorised representative in case of a body corporate, provided that all proxies in the prescribed form and the authorizations by way of board resolution u/s 113 of the Companies Act, 2013, wherever applicable are deposited at the registered office of the Company or by email to the company at Karishma@kplintl.com or to the scrutinizer at the email prabhakar@vapn.in, atleast 48 hours before the meeting.

For creditors whose email address is not registered with the Company, they may follow the procedures mentioned in the notes to the notice for casting their votes and can also get their email address registered with the Company. The creditors whose email is not registered can register their email by dropping a mail to the company at Karishma@kplintl.com atleast 72 hours before the meeting

The Tribunal has appointed Adv. Amit Goel (Email goelassociates42@gmail.com), as Chairperson and Adv. Somansh Babbar (Email- somanshabbar1990@gmail.com) as Alternate Chairperson for the said Meeting. Also, FCS Prabhakar Kumar (Email- prabhakar@vapn.in) has been appointed as the Scrutinizer of the said NCLT Convened meeting of the unsecured creditors of the Company. The abovementioned Scheme of Amalgamation, if approved by the unsecured creditors, will be subject to the subsequent approval of the Tribunal.

Dated this 22nd day of March, 2021

By Order of the Chairperson appointed for the Meeting
For KPL International Limited
Karishma
Company Secretary



NOTES:

1. In compliance with the Order passed by the Hon'ble NCLT, New Delhi Bench, the meeting of the unsecured creditors is being held at the registered office of the Company and through Video Conferencing (VC) / Other Audio Visual Means (OAVM).
2. Corporate/institutional creditors (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email prabhakar@vapn.in. The scanned image of the above documents should be in the naming format "Corporate Name_EVENT No"
3. Creditors holding 75% of the total unsecured debts of the Company shall form quorum. Creditors attending meeting through VC/OAVM shall also be counted for the purpose of quorum. In case the quorum is not present, the meeting shall

be adjourned for 30 minutes and the persons present and voting shall be deemed to constitute the Quorum, as directed by the Hon'ble Bench.

4. Explanatory Statement pursuant to Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, setting out the material facts is annexed hereto
5. The voting rights of the creditors shall be in proportion to the respective dues of the Company as on cut off date being 31st December, 2020.
6. **Attending the meeting through VC/OAVM:**

(a) The Company will be providing VC/OAVM facility to enable the creditors to attend the Meeting, The Company is providing VC platform by National Securities Depository Limited (NSDL). Creditors may access the same at <https://www.evoting.nsdl.com> under members login by using the remote evoting credentials.

(b) The remote e-voting would be available from 21.04.2021 (9.00 A.M.) to 23.04.2021 (5.00 P.M.), both days inclusive, at the NSDL Website www.evoting.nsdl.com.

(c) The relevant credential of the meeting are as under:

EVSN (E-Voting Sequence Number)	USER ID	PASSWORD
115883	As per covering letter/mail	

- (d) Creditors voted through remote e-voting will not be allowed to vote during the meeting.
- (e) Participants are encouraged to join the Meeting through Laptops for better experience.
- (f) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (g) Creditors who would like to express their views/ask questions may send their questions in advance and register as a speaker mentioning their User Id and email id at [karishma@kplintl.com] latest by Thursday, 22nd April, 2021. The same will be replied by the Company suitably. Only the creditors, as stood in the books of the Company as on 31st December, 2020, will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and speakers, depending upon availability of time as appropriate for smooth conducting of Meeting. Post your Questions.

(h) Creditors who need assistance before or during the Meeting, can contact NSDL on evoting@nsdl.co.in / 1800-222-990.

7. The Scrutinizer shall after the conclusion of the voting at Meeting, first count the votes cast at the meeting and will make, not later than 48 hours of the conclusion of the Meeting, a consolidated Scrutinizer's Report of total votes cast in favour or against, if any, forthwith to the Chairperson of the meeting who shall declare the Result.
8. The Scrutinizer's decision on the validity of the vote shall be final and binding.
9. The result declared along with the Scrutinizer's report shall be placed on NSDL website (<https://evoting.nsdl.com>) immediately after the result is declared.

KPL INTERNATIONAL LIMITED

PROXY FORM

Name of the Unsecured Creditor (s):
Registered address:
E-mail ID:
Folio No.:

I/ We, being the unsecured creditor (s) of ₹ of above named Company, hereby appoint

1. Name:
 Address:
 E-mail ID: Signature:
or failing him

2. Name:
 Address:
 E-mail ID: Signature:
or failing him

3. Name:
 Address:
 E-mail ID: Signature:
or failing him

As my/ our proxy, to attend and vote (on a poll) for me/ us and on my/ our behalf at the meeting of the **Unsecured Creditors** of KPL International Limited, convened pursuant to direction of Hon'ble National Company Law Tribunal, to be held on **Saturday, 24th April, 2021 at 3:00 P.M. at 212A, 216 & 222, 2nd Floor, Indraprakash, 21, Barakhamba Road, New Delhi 110001** for the purpose of considering and approving the Scheme of Amalgamation of Vardhan Finvest Limited with KPL International Limited as detailed in the Notice of meeting or any adjournment or adjournment(s) thereof and to vote for me/ us and in my/ our name _____ (here, if for, insert "FOR", or if against, insert "AGAINST"), the arrangements embodied in the said Scheme as my/ our proxy.

Signed thisday of2021

 Signature of sole/ first Signature of Second Signature of Third
 unsecured creditor unsecured creditor unsecured creditor

Notes:

1. This form in order to be effective, should be duly completed and deposited at the Registered Office of the Company at 212A, 216 & 222, 2nd Floor, Indraprakash, 21, Barakhamba Road, New Delhi 110001, not less than 48 hours before the commencement of the meeting.

2. Please affix revenue stamp before putting the signature.
3. Alterations, if any, made in the form of proxy should be initialed.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be the unsecured creditor of the Company.

KPL INTERNATIONAL LIMITED

FORM NO. CAA.2

[Pursuant to Section 230(3) and rule 6 and 7]

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
NEW DELHI BENCH
C.A. (CAA) No. 26/ND/2021

In the Matter of: -

The Companies Act, 2013;

And

In the Matter of: -

Section 230 read with section 232 of the Companies Act, 2013 and allied rules thereunder;

And

In the Matter of: -

- 1. Vardhan Finvest Limited**, an unlisted RBI registered Non-Systemically important Non deposit taking Non-Banking Financial Company (NBFC), incorporated on 20th March, 2006, under the provisions of the Companies Act, 1956, having CIN No. U74140WB2006PLC108600, and having its Registered Office at KCI Plaza, 7th Floor, 23C, Ashutosh Chowdhury Avenue, Kolkata 700019, in the state of West Bengal

..... **Transferor Company**

And

- 2. KPL International Limited**, a company incorporated on 17th April , 1974 under the Companies Act, 1956, U23209DL1974PLC029068, and having its registered office at 212A, 216 & 222, 2nd Floor, Indraprastha 21, Barakhamba Road, New Delhi - 110001

.... **Transferee Company**

In the matter of:-

1. Vardhan Finvest Limited
2. KPL International Limited

STATEMENT UNDER SECTION 230 (3), 232 (2) and 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS, AND AMALGAMATIONS) Rules, 2016.

- Pursuant to the order dated 12th March, 2021, received by us on 16th March, 2021 passed by the National Company law Tribunal, New Delhi Bench (hereinafter referred to as 'NCLT') in Company Application being C.A. (C.A.A.) No. 26/ND/2021 filed by KPL International Limited (hereinafter referred to as "Transferee Company") regarding merger of Vardhan Finvest Limited (hereinafter referred to as "Transferor Company") with the Transferee Company, separate meeting(s) of the equity shareholders, secured creditors and unsecured creditors of the Transferee Company will be convened in the manner stated in the Notice of the meeting for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation (hereinafter referred to as the "Scheme"). In pursuance of the said order, the following separate meeting(s) will be held on 24th April, 2021:

Equity Shareholders	At 1.00 P.M.
Secured Creditors	At 2.00 P.M.
Unsecured Creditors	At 3.00 P.M.

- The draft Scheme of Amalgamation was placed before Board of Directors of the Transferee Company which has been subsequently approved.
- A copy of the Scheme of Amalgamation and valuation report are annexed herewith and may be treated as part of the Statement. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.
- The Transferee Company considers that the Scheme is reasonable and has been made for the interest and for benefit of the shareholders.
- Capital Structure of the Transferee Company - Pre and Post Scheme (Expected):**

Pre and Post Scheme capital structure of the Transferee Company is as follows:

Description	Pre-Scheme As on		Post-Scheme	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
Authorized Share Capital:				
Equity Shares of Rs.1000/- each	99700	99,700,000	1,22,000	12,20,00,000
9.8% Redeemable Cumulative Preference shares of Rs. 100/-	3,000	3,00,000		
Issued, subscribed and Paid Up Share Capital				
Equity shares of Rs. 1000/- each	15160	15,160,000	18902	18,902,000

6. **Relationship between the Companies:** – The Transferee Company is a subsidiary of the Transferor Company.
7. **Board Meeting:** The date of the board meeting at which the Scheme was approved by the Board of Directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution –

The Scheme of Amalgamation was approved by the Board of Directors of the Applicant Company at its meeting held on 19th January, 2021 and the directors present voted unanimously in favour of the resolution.

8. Disclosure about effect of the amalgamation on:

(a) Key Managerial Personnel:	Not Applicable
(b) Directors:	The Directors of the Transferee Company and the Transferor Company may be deemed to be concerned and/or interested in the proposed Scheme to the extent of the shares held by them or by the companies, firms, of which they are Directors, Partners, or Members in the Transferee Company or the Transferor Company. None of the Directors of the Transferee Company and/or the Transferor Company have any material interest in the Scheme except as shareholders to the extent, which will appear from the Register of Director's Shareholding maintained by the Transferee Company and the Register of Directors maintained by the Transferor Company.
(c) Depositors:	Not Applicable
(d) Creditors:	No impact
(e) Debenture Holders:	Not Applicable
(f) Deposit Trustee and Debenture Trustee:	Not Applicable
(g) Employees of the Company:	No impact

9. Details regarding valuation: -

Share Exchange Ratio	Share Exchange Ratio: i) 1 Equity Share of Rs.1000/- each in Transferee Company, credited as fully paid up for every 40 equity shares of Rs. 10 each held by such shareholder in the Transferor Company
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(a) Summary of valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at the registered office of the Company;	The Valuation Report has been prepared by Mr. Vivek Newatia, Registered Valuer. Valuation is done to ascertain number of shares that are required to be issued to the shareholders of Transferor Company in lieu of every share held by them in respective Transferor Company consequent upon amalgamation for the swap ratio. Basis of Valuation The valuation has been done by net adjusted value method.
(b) Details of capital or debt restructuring, if any.	Nil
(c) Amount due to unsecured creditors of the Transferee Company	Rs. 50,04,20,034 (Rupees Fifty Crores Four Lakhs Twenty Thousand Thirty Four only)

10. Investigation or proceedings, if any, pending against the company under the Act-

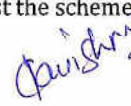
No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956 or the corresponding provisions of the Companies Act, 2013 against the Transferee Company.


11. Creditors are requested to note that the creditors to whom this notice is sent may vote in the meeting either in person or proxy.
12. There are no winding up proceedings pending against the Applicant Company as on date.
13. **Submissions, Approvals and Other Information:** Pursuant to the Order of the Hon'ble National Company Law Tribunal, New Delhi Bench, the necessary documents are being submitted to the sectoral regulators.
14. **Details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors:**

Extracts or copies or inspection of the following documents may be had at the Registered Office of the Transferee Company up to one day prior to the date of the meeting between 11.00 am and 2.00 pm on all working days (except Saturdays and Sundays):

- a. Latest audited financial statements;
- b. Copy of the order of Tribunal dated 12th March, 2021 in pursuance of which the meeting of the members and creditors have been convened;
- c. Copy of Scheme of Amalgamation;

- d. Contracts or agreements material to the compromise or amalgamation, if any;
- e. The certificate issued by Auditor of the Transferee Company to the effect that the accounting treatment, if any, proposed in the Scheme of Amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- f. Copy of Valuation Report
- g. Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the scheme.


By Order of the Chairperson appointed for the Meeting
For KPL International Limited
Karishma
Company Secretary



SCHEME OF AMALGAMATION

**UNDER SECTION 230 READ WITH SECTION 232
AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

BETWEEN

VARDHAN FINVEST LIMITED

AND

KPL INTERNATIONAL LIMITED

PREAMBLE

The Scheme of Amalgamation (hereinafter referred to as "Scheme") is presented pursuant to section 230, read with section 232 of the Companies Act, 2013 ("Act"), and such other provisions of law as may be applicable, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 or other applicable rules, and provides for the merger of Vardhan Finvest Limited with its subsidiary, KPL International Limited.

In addition to the above, the Scheme also provides for the matters consequential, supplemental and/ or otherwise integrally connected therewith.

1. INTRODUCTION

1.1. Vardhan Finvest Limited (hereinafter referred to as "Transferor Company"/"VFL") is an unlisted RBI registered Non Systemically important Non deposit taking Non-Banking Financial Company (NBFC), incorporated on 20th March, 2006, under the provisions of the Companies Act, 1956, having CIN U74140WB2006PLC108600, and having its registered office at KCI Plaza, 7th Floor 23C, Ashutosh Chowdhury Avenue, Kolkata 700019, in the state of West Bengal.

1.2. The main objects of the Transferor Company, as stated in its Memorandum of Association is as follows:

"1. To carry on investment business and to purchase, acquire, hold and dispose of, or otherwise deal and invest in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and units of mutual funds, debenture stocks, bonds, obligations and securities issued or guaranteed by any Government, State, dominion, sovereign ruler, commissioner, public body or authority supreme, municipal, local or otherwise, whether in India or elsewhere and also to act as investors



guarantors, underwriters, financiers, and to lend or deal with the money either with or without interest or security, including in current or deposit account with any Bank or Banks, other person or persons, upon such terms, conditions and manner as may, from time to time, be determined and to receive money on deposit or loan upon such terms and conditions as the Board of Directors of the Company may determine time to time and also to invest and deal in real estates or properties, either out of its own funds or out of funds that the Company might borrow, and to vary or otherwise dispose of, exchange, transfer or alienate any of the investments, real estates and properties of the Company. Provided that the Company shall not do any banking business, as defined under the Banking Regulation Act, 1949".

1.3. The Transferor Company holds 93.29% equity shares of KPL International Limited and the major source of income of the Transferor Company is dividend from its subsidiary, i.e KPL International Limited.

1.4. **KPL International Limited** (hereinafter referred to as "Transferee Company") is the subsidiary of the Transferor Company, incorporated on 17th April, 1974, under the provisions of the Companies Act, 1956, having CIN U23209DL1974PLC029068, and having registered office at 212A, 216 & 222, 2nd Floor, Indraprakash 21, Barakhamba Road, New Delhi 110001.

1.5. The main object of the Transferee Company, as stated in its Memorandum of Association is as follows:

"1. To establish, own or acquire Chemical Plants and to carry on business as manufacturers, exporters, importers, buyers and sellers of and dealers in all Chemicals (including without prejudice to the said generality and in particular Caustic Soda, Chlorine, Hydrochloric Acid, Hypo Chlorites, Polyvinyl Chloride, Vinyl Chloride, Co-polymers, Soda Ash, Stable Bleaching Powder, Benzene Hexa Chloride, Calcium Chloride, Zinc Chloride, Barium Chloride, Carbon tetra-chloride, Trichlorethylene, Perchloroethylene, Ethylene dichloride, Aluminium Chloride, Titanium Tetrachloride and other chlorine products both organic and inorganic, Ammonium Chloride, Phosphoric Acid, Dicalcium Phosphate, Super phosphates and other fertilisers sulphuric acid, Alcohols, Phenols, Napthols, Ethylene, Calcium carbide, acetylene, oxygen, Nitrogen Stabilizers, Plasticisers, peroxides, Anti-oxidants, Detergents, Polyphosphates, Insecticides, Pesticides, formulations etc.) Alkali, acids, salts, tannins, essences and pharmaceutical, photographic, sizing, medical, chemical, industrial and other preparation mineral, and other waters, compounds drugs, eye stuff and dealers in proprietary articles and all kinds and electrical, chemical, photographic, surgical and scientific apparatus, instruments, goods and materials and to acquire by purchase or otherwise patent rights plants and machineries accessories and to establish and to



acquire established factory or factories for the purpose and to enter into Partnership and / or collaboration agreements with Indian or foreign companies, firms, individuals, and/or Union or State Governments for the purpose of carrying on the foregoing manufacture or business."

- 1.6 KPL International Limited is engaged in diversified business including trading in chemicals, polymers, refilling of industrial gases, wind power generation and manufacturing of tea.

2. OBJECTIVE OF THE SCHEME

The circumstances that have necessitated or justified the Proposed Scheme and its main benefits are *inter-alia*, summarised as under:

- 2.1. The Transferee Company is the subsidiary of the Transferor Company. Therefore, in order to simplify the corporate structure, the Board of Directors of both the Applicant Companies have decided to enter into the proposed Scheme.
- 2.2. The proposed Amalgamation will enable the companies to explore better opportunities of synergizing, which shall be beneficial to the shareholders, creditors and employees of both the Applicant Companies, as such the scheme would create greater synergies between the businesses of the Applicant Companies.
- 2.3. The size of the net worth and earnings of the consolidated business of the Amalgamated Company is likely to increase from the current level consequent upon the proposed amalgamation.
- 2.4. Such Amalgamation will result in economies of scale, reduction in overheads including administrative, managerial and other expenditure, operational rationalisation, organisational efficiency and optimal utilisation of resources.
- 2.5. The Amalgamation will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Applicant Companies.
- 2.6. The scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.

In view of the above, the Board of directors of both the applicant companies have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company into the Transferee Company.



3. The Scheme is divided into the following parts:

Part I - deals with the definitions and interpretations of the terms used in the Scheme of Amalgamation;

Part II -deals with the share capital of the Applicant Companies;

Part III - deals with the merger of the Transferor Company with the Transferee Company;

Part IV - deals with accounting treatment of Arrangement in the books of the Transferee Company pursuant to Part III and IV; and

Part V - deals with the dissolution of the Transferor Company and other general terms and conditions applicable to this Scheme of Amalgamation, and other matters consequential and integrally connected thereto.



A handwritten signature or set of initials in black ink, appearing to be a stylized 'K' or similar character.

PART- I

1. DEFINITION

In this Scheme, unless repugnant with the subject or context, the following shall have meanings as provided herein:

1.1. "Act" means the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force; the terms "Act" and "Section" shall be construed accordingly.

1.2. "Applicable Law" means the Act, and as appropriate, includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other Governmental instruction or any similar form of decision of, or determination by, or any interpretation or administration having the force of law of any of the foregoing, by any Governmental authority having jurisdiction over the matter in question, or mandatory standards as may be applicable from time.

1.3. "Appointed Date" means the date from which this Scheme shall become operative viz., 1st April, 2021 or such other date as the National Company Law Tribunal or such other authority having powers to sanction the Scheme under the Applicable law, may direct.

1.4. "Board of Directors" or "Board" in relation to the Applicant Companies, as the case may be, shall, unless it is inconsistent to the context or otherwise, include a Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.

1.5. "Bench" or "Tribunal" or "NCLT" means the Hon'ble National Company Law Tribunal, Kolkata Bench for the Transferor Company, and the Hon'ble National Company Law Tribunal, Delhi Bench for the Transferee Company, or such other authority empowered to sanction the Scheme as per the provisions of the Act.

1.6. "Clause" means clause in this Scheme.

1.7. "Central Government" means the Regional Director, Eastern Region and Northern Region, as the case may be.

1.8. "Effective Date" means the date or last of the dates on which the certified copy of the order of the Bench sanctioning this Scheme is filed with the Registrar of Companies by the Transferee Company and the Transferor Company.



- 1.9. "Record Date" means the date to be fixed by the Board of Directors of the Transferee Company in consultation with the Board of Directors of the Transferor Company, for the purposes of determining the shareholders of the Transferor Company to whom the shares of the Transferee Company shall be allotted in terms of this Scheme.
- 1.10. "Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Bench.
- 1.11. "Transferee Company" means "KPL International Limited", an unlisted company, incorporated on 17th April, 1974, under the provisions of the Companies Act, 1956, having CIN U23209DL1974PLC029068, and having its registered office at 212A, 216 & 222, 2nd Floor, Indraprakash, 21, Barakhamba Road, New Delhi 110001.
- 1.12. "Transferor Company" means "Vardhan Finvest Limited", an unlisted, RBI registered Non Systemically important Non deposit taking Non-Banking Financial Company, incorporated on 20th March, 2006, under the provisions of the Companies Act, 1956, having CIN U74140WB2006PLC108600, and having its registered office at KCI Plaza, 7th Floor 23C, Ashutosh Chowdhury Avenue, Kolkata 700019, in the state of West Bengal.
- 1.13. "Undertaking" shall mean and include the entire undertaking of the Transferor Company, as going concern, (without limitation):

(a) All the assets and properties (movable and immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including but not limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, sundry debtors, furniture, fixtures, office equipments, appliances, accessories, depots, deposits, all stocks, assets, investments of all kinds including shares, units of mutual funds, Venture Capital Funds, PE Funds, AIF etc, licenses, registrations, copyrights, patents, trade names, trademarks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, licenses, tenancy rights, premises, ownership, flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right title interest goodwill benefit and advantage



deposits, advances, receivables, deposits, funds, cash balances, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, GST etc.), software licenses, domain/ websites etc, in connection /relating to the Transferor Company and other claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date;

(b) All liabilities including, without being limited to, secured and unsecured debts, sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;

(c) All permanent employees engaged by the Transferor Company as on the Effective Date; and

(d) all tax credits, including MAT Credits, CENVAT credits, refunds; reimbursements, claims, exemptions, benefits under service tax laws, value added tax, purchase tax, sales tax, GST or any other duty or tax or cess or imposts under central or state law including sales tax deferrals, advance taxes, tax deducted at source, right to carry forward and set-off unabsorbed losses, if any and depreciation, deductions and benefits under the Income-tax Act, 1961.

1.14. All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and bye-laws as the case may be, including any statutory modification or re-enactment thereof from time to time.



PART-II

2. (a) SHARE CAPITAL OF THE TRANSFEROR COMPANY AND TRANSFEREE COMPANY

2.1. The share capital of the Transferee Company as on 31st March, 2020 is as under:

Authorized Capital	Amount (in Rs.)
99,700 Equity Shares @ Rs. 1000/- each	9,97,00,000
3,000 9.8% Redeemable Cumulative Preference Shares of Rs. 100/- each	3,00,000
Total	10,00,00,000
Issued, Subscribed and Paid-Up Capital	Amount (in Rs.)
15,160 Equity Shares @ Rs. 1,000/- each fully paid up	1,51,60,000
Total	1,51,60,000

2.2. The share capital of the Transferor Company as on 31st March 2020 is as under:

Authorized Capital	Amount (in Rs.)
7,50,000 Equity Shares @ Rs. 10/- each	75,00,000
1,45,000 Preference Shares @ Rs. 100/- each	1,45,00,000
Total	2,20,00,000
Issued, Subscribed and Paid-Up Capital	Amount (in Rs.)
7,15,428 Equity Shares @ Rs. 10/- each fully paid up	71,54,280
Total	71,54,280

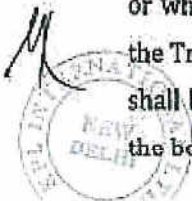
2. (b) DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Bench shall be operative and fully effective from the Appointed Date.



PART- III**MERGER OF TRANSFEROR COMPANY INTO TRANSFEREE COMPANY****3. TRANSFER AND VESTING OF UNDERTAKING-**

- 3.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the entire business and Undertaking of the Transferor Company including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the said Transferor Company of every description and also including, without limitation, all the Investments in Shares, units of mutual funds, Venture Capital Funds, PE Funds, AIF etc, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Company comprising, amongst others, all furniture and fixtures, computers / data processing, office equipments, testing equipments, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, authorisations, approvals, advances, receivables, deposits, cash balances, bank balances, tax credits, funds, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Section 230 read with Section 232 of the Act, and pursuant to the orders of the Bench and without further act, instrument or deed, be transferred and/or deemed to be transferred to and vested in the Transferee Company so as to become the properties, assets, rights, business and undertaking(s) of the Transferee Company.
- 3.2. With effect from the Appointed Date all debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date whether provided for or not in their books of account of the and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.
- 3.3. With effect from the Appointed Date, all the loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that



there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

- 3.4. All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company, by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Company, the same shall continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Appointed Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by the said Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
- 3.5. With effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.
- 3.6. All the existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Appointed Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- 3.7. It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 3.8. With effect from the Appointed Date all statutory licences, permissions, approvals or consents to carry on the operations of the Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the Undertaking of the said Transferor Company pursuant to this Scheme. The benefit of all statutory and regulatory permissions, sales tax /GST registrations or other licences and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.

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3.9. The merger of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961.

3.10. All staff, workmen and employees as detailed under Clause 7 in relation to the Transferor Company shall stand transferred to the Transferee Company, without any further act or deed to be done by the said Transferor Company or the Transferee Company.

4. TRANSFER OF LEGAL PROCEEDINGS

4.1. Any suit, appeal or other proceedings of whatever nature by or against the Transferor Company is pending as on the Appointed Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

4.2. On and from the Effective Date, in case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against either of the Transferor Company, the Transferee Company shall be the party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

5. TREATMENT OF CROSS HOLDING

All the shares held by the Transferor Company in the Transferee Company or vice versa, shall stand cancelled. Further any sum of money owed by the Transferor Company in Transferee Company or vice versa shall stand cancelled.

6. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

6.1. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to Transferor Company and to which the said Transferor Company is a party and subsisting or having effect on the Appointed Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the said Transferor Company had been a party thereto.

6.2. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any binding arrangements, confirmations



or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the said Transferor Company and to implement or carry out all formalities that are required on the part of the said Transferor Company to give effect to the provisions of this Scheme.

7. TRANSFER OF STAFF AND EMPLOYEES OF THE TRANSFEROR COMPANY

- 7.1. On the Scheme becoming effective as aforesaid, the employees and staff on the payroll of the Transferor Company, in service, if any, on the Appointed Date shall be deemed to have become the employees, staff and workmen of the Transferee Company and their employment with the Transferee Company shall be on the following terms and conditions:
- i. The terms and conditions of service applicable to the employees shall not be less favourable than those applicable to them as on the Appointed Date.
 - ii. The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or otherwise and for all purposes will be reckoned from the date of their appointment with the Transferor Company.
 - iii. The Transferee Company undertakes to continue to abide by the agreement/settlement if any entered into by the said Transferor Company with any of its employees, which is in force as on the Appointed Date.
 - iv. It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company.

8. PAYMENT OF TAX

All taxes paid or payable by the Transferor Company in respect of the operations and/or the profits before the Appointed Date under applicable law, shall be on account of the Transferee Company and, in so far it relates to the tax payment (whether by way of deduction at source, advance tax or otherwise howsoever) by the said Transferor



Company in respect of the profits made from and after the Appointed Date, the same shall be deemed to be the tax paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

9. **BANK OPERATIONS**

Upon the Scheme being sanctioned and taking effect, all cheques, drafts, pay orders, direct and indirect tax balances and/or payment advices of any kind or description issued in favour of the either Transferor Company, either before or after the Appointed Date, or in future, may be deposited with the Bank of the Transferee Company and credit of all receipts thereunder will be given in the accounts of the Transferee Company.

10. **CONSIDERATION**

10.1 Upon the Scheme becoming effective, and in consideration of transfer of entire undertaking of the Transferor Company into the Transferee Company and in lieu of shares held in the Transferor Company, the Transferee Company shall, without any further application or deed, issue and allot 1(one) equity share of Rs. 1,000/- each credited as fully paid up, to the shareholders of the Transferor Company, for every 40(forty) equity shares of Rs. 10/- each held by such shareholder in the Transferor Company, on the record date.

10.2 Notwithstanding anything contained in 10.1 above, upon the Scheme coming into effect, all the inter-company holding between the Transferor and the Transferee Company shall get cancelled without any further deed, application or act, in accordance with the provisions of section 66 of the Act, and the order of the Tribunal confirming the proposed scheme shall also be considered for the purpose of confirming the proposed reduction.

10.3 In respect of fractional entitlements arising upon implementation of such Scheme, no fractional shares or coupons etc shall be issued by the Transferee Company and instead thereof, all such fractional entitlements would be aggregated into whole shares and such whole shares would be issued in the name of trustees for fractional entitlements, as decided by the Transferee Company, who would dispose of the same at the earliest and proportionately disburse the proceeds amongst all the fractional entitles and the portion of fractional entitlement, which can't be aggregated into a whole share will be forgone by the promoter shareholders of the Transferor Company.



PART- IV
ACCOUNTING TREATMENT

11. On the Scheme becoming effective, the accounting of the same shall be carried out by the Transferee Company, in the following manner which shall be in compliance with provisions of Accounting Standard- 14 and other Accounting Standards as applicable, issued by the Institute of Chartered Accountants of India and notified by the National Advisory Committee on Accounting Standards, Ministry of Corporate Affairs *vide* Notification No GSR. 739(E) dated 07.12.2006, as amended from time to time.

12. Accounting treatment pursuant to merger of Transferor Company with the Transferee Company

12.1. Upon the Merger of the Transferor Company with the Transferee Company, accounting will be done as per pooling of interest method as prescribed under Accounting Standard- 14, because the existing business of the Transferor Company shall be carried out by the Transferee Company after the Scheme is put to effect.

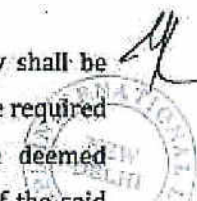
12.2. Inter-corporate deposit/ Loan and advances by whatever named called between the Transferor Company and the Transferee Company will stand cancelled and there shall be no further obligation outstanding on that behalf.

12.3. The assets and liabilities of the Transferor Company shall be recorded in the books of accounts of the Transferee Company at the values as appearing in the books of accounts of the Transferee Company as on the Appointed Date.

12.4. The Transferee Company shall issue shares to the shareholders of the Transferee Company as per Clause 10 of this Scheme. The shares shall be issued and recorded at the face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Transferee Company's share capital account.

12.5. The difference, i.e. excess or shortfall as the case may be, of the value of assets and liabilities received from Transferor Company pursuant to the Scheme after taking into account the face value of the shares issued by the Transferee Company shall be credited or debited to the reserves of the Transferee Company, or debited to the Goodwill account of the Transferee Company in case of inadequacy of such Reserves.

12.6. Subject to the aforesaid, the Board of Directors of Transferee Company shall be entitled to make such corrections and adjustments as may in their opinion be required for ensuring consistent accounting policy or which may otherwise be deemed expedient by them in accounting for the merger in the books of account of the said



company, while complying with generally accepted accounting standards as applicable.

13. Authorised Share Capital

13.1. Upon the Scheme becoming effective, the authorized share capital of the Transferor Company shall stand combined with the authorized share capital of the Transferee Company. Filing fees and stamp duty, as may be paid by the Transferor Company on its authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorized share capital. Thus, post approval of the Scheme, the authorised share capital of the Transferee Company shall stand modified and for the sake of simplicity the same be reclassified and therefore, the Clause V of the Memorandum of Association of the Transferee Company would be as under:

"The Authorised Share Capital of the Company is Rs. 12,20,00,000/- (Rupees Twelve Crores Twenty Lakhs only) divided into 1,22,000 equity shares of Rs. 1,000/-each."

13.2. It is clarified that the above alteration and reclassification of the Authorised Capital shall be deemed to be effective upon the Orders' of the Hon'ble NCLTs' and no further separate resolution would be required under Section 13, 61 and other applicable provisions of Companies Act, 2013.

14. TRANSACTIONS BETWEEN EFFECTIVE DATE AND APPOINTED DATE

With effect from the Appointed Date until the Effective Date, the Transferor Company:

- 14.1. Shall possess all its assets and properties in trust for the Transferee Company.
- 14.2. Shall carry and shall be deemed to have carried on business and activities for and on behalf of and for the benefit and on account of the Transferee Company. Any income or profit accruing to the Transferor Company and all costs, charges, expenses or losses arising or incurred or suffered by the Transferor Company shall, for all purposes and intents, be treated as the income, profits, charges, expenses or losses, as the case may be, of the Transferee Company.
- 14.3. Any corporate action by Transferor Company on or after the Appointed date until the effective date shall, upon the Scheme becoming effective, be treated as having been taken by the Transferee Company without any further application, act or deed etc. and shall be dealt with accordingly.



- 14.4. Till such times, the names of the Bank accounts of the Transferor Company would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary.
- 14.5. All the profits or income accruing or arising to Transferor Company and the Transferee Company, or expenditure or losses arising or incurred by the Transferor Company and the Transferee Company, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company.
- 14.6. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Bench and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.
15. **SAVING OF CONCLUDED TRANSACTIONS**
- The transfer of properties and liabilities and the continuance of proceedings by or against Transferor Company pursuant to this Scheme shall not affect any transaction or proceedings already concluded by the respective Transferor Company on or after the Appointed Date till the Closing Date, to the end and intent that Transferee Company accepts and adopts all acts, deeds and things done and executed by Transferor Company in respect thereto as done and executed on behalf of itself.



PART-V

DISSOLUTION OF THE TRANSFEROR COMPANY
AND
GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME

16. DISSOLUTION OF TRANSFEROR COMPANY WITHOUT WINDING UP

On the Scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without winding up in accordance with the provisions of the Act and the Rules made thereunder.

17. MODIFICATIONS/ AMENDMENTS TO THIS SCHEME

17.1. The Transferor Company (by its Board of Directors) and the Transferee Company (by their Board of Directors) in their full and absolute discretion may assent to any modification(s) or amendment(s) in this Scheme which the Bench and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. Further, the Transferor Company (by its Board of Directors), the Transferee Company (by its Board of Directors) be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Bench or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

17.2. The Board of Directors of the Transferor Company hereby authorise the Board of Directors of the Transferee Company or any committee thereof, if any, to give assent to any modification(s) or amendment(s) in the Scheme which may be considered necessary or desirable for any reason whatsoever and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, the implementation of the Scheme shall not get adversely affected as a result of acceptance of any such modification by the Board of Directors of the Transferee Company and the Board of Directors of the Transferee Company be and is hereby authorised by the Board of Directors of the Transferor Company to take such steps and to do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.



18. CONDITIONALITY OF THE SCHEME

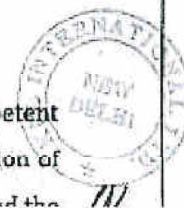
The Scheme is conditional upon and subject to-

- 18.1. Approval of the Scheme by the requisite majority of the respective members and creditors, if any, of the Transferor Company and the Transferee Company as may be directed by the Bench.
- 18.2. No objection from Reserve Bank of India, Income Tax authorities and all other concerned as may be applicable.
- 18.3. Sanctions and Orders under the provisions of Section 230 read with Section 232 of the Act being obtained by the Transferor Company and the Transferee Company from the Bench.
- 18.4. This Scheme shall be effective from the Appointed Date as per Section 230 read with Section 232 of the Act and shall be duly filed with the Registrar of Companies, Kolkata and Registrar of Companies, New Delhi by the respective Transferor and the Transferee Company.

19. REVOCATION OF SEVERABILITY

- 19.1. In the event of any of the said sanctions and approvals referred to in Clause 18 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Bench and/or order or orders not being passed, due to any reason whatsoever, as aforesaid before 31st December, 2022 or such other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Company and the Transferee Company who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Transferor Company and the Transferee Company, or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each Company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such Board of Directors are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the company.

- 19.2. If any part of this Scheme hereof is invalid, ruled illegal by any tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the



Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

19.3. The Scheme may be withdrawn by the Board of Directors of Transferor Company and Transferee Company only by mutual consent and only if such Boards of Directors jointly agree that the coming into effect of the Scheme could have adverse implication on the Transferor Company and Transferee Company.

20. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.



MC

VIVEK NEWATIA

Regn. No. : IBBI/RV/06/2018/10043

Suite # 2D, 2E & 2F

12, Ho-Chi-Minh Sarani, Kolkata - 700 017

☎ : 4050-5851, E : vnewatia@sjaykishan.com

STRICTLY PRIVATE and CONFIDENTIAL

VN/RV/2020-21/1138

Date: The 7th day of December 2020

To,

The Board of Directors
Vardhan Finvest Limited
KCI Plaza, 7th Floor
23C, Ashutosh Chowdhury Avenue,
Kolkata 700019

The Board of Directors
KPL International Limited
212A, 216 & 222, 2nd Floor,
Indraprastha 21, Barakhamba Road
New Delhi 110001

Dear Sir / Madam,

Sub: Recommendation of Fair Share Exchange Ratio / Swap Ratio for the proposed Amalgamation of Vardhan Finvest Limited with KPL International Ltd.

I refer to my engagement letter dated 17/11/2020, whereby, KPL International Limited (hereinafter referred to as "KPL" or The Transferee Company) and Vardhan Finvest Ltd (hereinafter referred to as "VFL" or Transferor Company) have collectively engaged me for recommendation of the Fair Share Exchange Ratio / Swap Ratio for the proposed Amalgamation of VFL with KPL. VFL and KPL are together referred to as "Companies".

The Fair Share Exchange Ratio for this report refers to number of equity shares of KPL which would be issued to the Equity Shareholders of VFL pursuant to the proposed amalgamation.

In the following paragraphs, I have summarized my valuation analysis together with the description of the analysis of the methodologies used and limitations on my scope of work. My deliverable for this engagement would be a Fair Share Exchange Ratio Report (hereinafter referred to as the "Report"). The report is intended solely for the purpose and scope mentioned in this Report. Enclosed please find the report containing the detailed analysis.




Vivek Newatia

Registered Valuer - Securities or Financial Assets

Regn. No IBBI/RV/06/2018/10043

Report No. VN/RV/2020-21/1138

Place: Kolkata

UDIN: 21062636 AAAAAA4672




1. Scope and Purpose of this Report

- 1.1. I understand that the management of the Companies ('Management') are considering amalgamation of VFL with KPL ('Transaction') with effect from the proposed Appointed Date of 1st April 2021 pursuant to a draft Scheme of Amalgamation ('the Scheme') to be implemented under the provisions of section 230 to 232 and other applicable provisions of the Companies Act, 2013, including rules and regulations made thereunder.
- 1.2. In consideration thereof, equity shares of KPL will be issued to the equity shareholders of VFL, once the Scheme becomes effective. The number of equity shares of KPL of face value of Rs.1000/- each to be issued in lieu of the equity shares of VFL is referred to as 'Fair Share Exchange Ratio'.
- 1.3. In this regard, I have been appointed to submit a report recommending the Fair Share Exchange Ratio ('Report') in connection with the proposed arrangement for the consideration of the Board of Directors of the respective Companies as required under the provisions of section 230 read with 232 and other applicable provisions of the Companies Act, 2013.

The scope of my services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and recommend a fair share exchange ratio for the Proposed Amalgamation.

- 1.4. This Report sets out the findings of my exercise i.e. fair share exchange ratios for the Proposed Scheme in accordance with ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India. For the purpose of this Report, the Valuation Date is considered as 30th November 2020 ("Valuation date"). Accordingly, my recommendation is based on the events and circumstances prevailing as on the valuation date, incorporating any change having material impact on the valuation until the report issue date.
- 1.5. This Report will be placed before the Boards of the respective Companies, as per the relevant provisions of the Companies Act, 2013. This Report may be required to be produced before the judicial, regulatory or government authorities, shareholders in connection with the proposed amalgamation under applicable laws.
- 1.6. I have been provided with the Audited Financial Statements of the Companies for year ended 31st March 2020. Further, I have been provided with the Scheme and other relevant financial information in respect of the Companies. The management of the Companies has informed that they do not expect any events which are unusual or not in normal course of business other than the events specifically mentioned in this report. I have relied on the above while arriving at the fair share exchange ratio.
- 1.7. This report is subject to the scope, assumptions, exclusions, limitations, and disclaimer detailed hereinafter. As such, the report is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.



Vivek Newalia

2. Brief Background of the Companies

Vardhan Finvest Limited ("VFL")

Vardhan Finvest Limited ("VFL") is an unlisted RBI registered Non Systemically Important Non deposit taking Non-Banking Financial Company (NBFC), incorporated on 20th March, 2006, under the provisions of the Companies Act, 1956, having CIN U74140WB2006PLC108600, and having its registered office at KCI Plaza, 7th Floor 23C, Ashutosh Chowdhury Avenue, Kolkata 700019, in the state of West Bengal. From the financial statements of VFL as on 31/03/2020, it can be seen that it is a Holding company of KPL International Limited, holding about 93.29% of its share capital. Further as per the said Financials, VFL is engaged in the business of acquisitions of shares/ stocks/ bonds/ debentures/ securities and giving loans & advances. On the perusal of the financial statements of the Company, it is observed that during the FY 2019-20, the significant portion of the funds of the Company is invested in mutual funds, shares and securities, and unsecured loan advanced to corporate. The Company was formed with the objectives (as stated in its Memorandum of Association), inter-alia, "To carry on investment business and to purchase, acquire, hold and dispose of, or otherwise deal and invest in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and units of mutual funds, debenture stocks, bonds, obligations and securities issued or guaranteed by any Government, State, dominion, sovereign ruler, commissioner, public body or authority supreme, municipal, local or otherwise, whether in India or elsewhere and also to 'act as investors, guarantors, underwriters, financiers, and to lend or deal with the money either with or without interest or security, including in current or deposit account with any Bank or Banks, other person or persons, upon such terms, conditions and manner as may, from time to time, be determined and to receive money on deposit or loan upon such terms and conditions as the Board of Directors of the Company may determine time to time and also to invest and deal in real estates or properties, either out of its own funds or out of funds that the Company might borrow, and to vary or otherwise dispose of, exchange, transfer or alienate any of the investments, real estates and properties of the Company. Provided that the Company shall not do any banking business, as defined under the Banking Regulation Act, 1949".

The authorized, issued and subscribed share capital of VFL as on 31/03/2020 is as under:

	Equity Shares	Preference Shares
a) Authorised:		
Number of Shares	750,000	145,000
Amount (Rs.)	7,500,000	14,500,000
b) Issued, subscribed and fully paid:		
Number of Shares	715,428	-
Amount (Rs.)	7,154,280	-
(c) Par value per Share (Rs.)	10/-	100/-



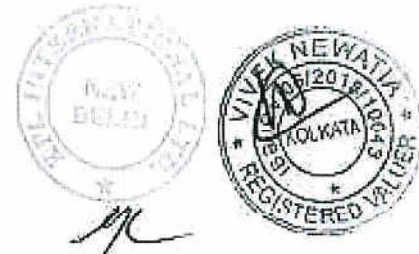
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Complete Shareholding pattern of VFL is as under:

Sl No	Name of Shareholder	No of Shares	Percentage of Total Shares held
1	Rajya Vardhan Kanoria	242,912	33.95
2	Madhuvanti Kanoria	195,464	27.32
3	Saumya Vardhan Kanoria	201,762	28.20
4	Anand Vardhan Kanoria	72,790	10.17
5	Rajya Vardhan Kanoria (HUF)	2,000	0.28
6	Vaidehi Kanoria	100	0.02
7	Non Promoters Directors	250	0.04
8	Public Holding	150	0.02
	Total Shares	715,428	100.00

The financial position of VFL as on 31st March 2020 is as under:

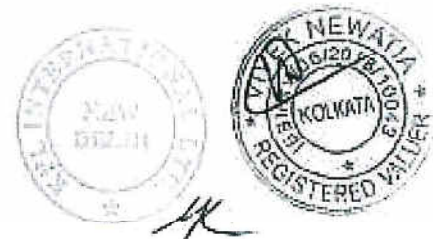
Extract of Balance Sheet		Amount (in Rs. lacs)
Shareholders Fund		2,567.43
Current Liabilities		
	Trade Payables	0.77
	Short Term Provisions	0.13
Total of Liabilities		2,568.33
Non-Current Assets	-	
Non Current Investments	Investments in Equity Shares of KPL International Ltd (14,143 shares, Face Value - Rs. 1,000/-)	372.28
	Investments in Equity Shares of Other Companies (Refer Annexure C for details)	119.43
	Investments in Mutual Funds (Refer Annexure C for details)	1,393.67
	Investments in Venture Capital Funds (Refer Annexure C for details)	559.53
Long Term Loans & Advances		49.44
Current Assets		
	Trade Receivables	2.54
	Cash & Cash Equivalents	31.44
	Short Term Loans & Advances	40.00
Total of Assets		2,568.33



Extract of Profit & Loss Statement		Amount (in Rs. Lacs)
Revenue from Operations		
	Interest Income on Loan to Bodies Corporate	4.41
	Income through DVCF / AIF	19.50
Other Income		
	Dividend From Subsidiary Company - KPL International Ltd	1,767.88
	Dividend From Mutual Funds	13.61
	Dividend From Other Companies	8.25
	Net Capital Gain on Sale of non-current Investments (including through DVCF/AIF)	65.10
	Interest on Income Tax Refund	0.08
Total Revenue		1,878.82
Other Expenses		1.45
Total Expenses		1.45
PBIT		1,877.37
Finance Cost		-
PBT		1,877.37
Tax		10.01
PAT		1,867.36

KPL International Limited ("KPL")

KPL International Limited (hereinafter referred to as "Transferee Company") is an unlisted subsidiary of the Transferor Company incorporated on 17th April, 1974, under the provisions of the Companies Act, 1956, having CIN U23209DL1974PLC029068, and having registered office at 212A, 216 & 222, 2nd Floor, Indraprasth 21, Barakhamba Road, New Delhi 110001. On the perusal of the financial statements of the Company as on 31/03/2020, it can be seen that the Transferor Company is holding 93.29% of its Share Capital. Further it can be observed from the said Financials that KPL is engaged in diversified business including trading of chemicals, polymers, refilling of industrial gases, wind power generation and manufacturing of tea. Also as per the said Financials, the significant portion of the funds of the company is deployed in Tangible Assets, loans and advances, trade receivable and inventory. The company was established with the objective (as per its Memorandum of Association), "To establish, own or acquire Chemical Plants and to carry on business as manufacturers, exporters, importers, buyers and sellers of and dealers in all Chemicals (including without prejudice to the said generality and in particular Caustic Soda, Chlorine, Hydrochloric Acid, Hypo Chlorites, Polyvinyl



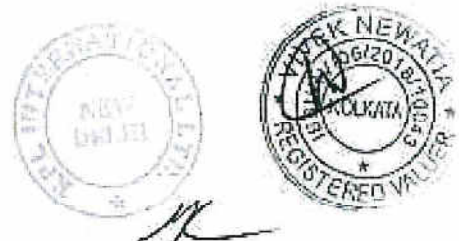
Chloride, Vinyl Chloride, Co-polymers, Soda Ash, Stable Bleaching Powder, Benzene Hexa Chloride, Calcium Chloride, Zinc Chloride, Barium Chloride, Carbon tetra-chloride, Trichloroethylene, Perchloroethylene, Ethylene dichloride, Aluminium Chloride, Titanium Tetrachloride and other chlorine products both organic and inorganic, Ammonium Chloride, Phosphoric Acid, Dicalcium Phosphate, Superphosphates and other fertilizers sulphuric acid, Alcohols, Phenols, Naphthols, Ethylene, Calcium carbide, acetylene, oxygen, Nitrogen Stabilizers, Plasticizers, peroxides, Anti-oxidants, Detergents, Polyphosphates, Insecticides, Pesticides, formulations etc.) Alkalies, acids, salts, tannins, essences and pharmaceutical, photographic, sizing, medical, chemical, industrial and other preparation mineral, and other waters, compounds drug, eye stuff and dealers in proprietary articles and all kinds and electrical, chemicals, photographic, scientific apparatus, instruments, goods and materials and to acquire by purchase or otherwise patent rights, plants and machineries, accessories and to establish and to acquire established factory or factories for the purpose and to enter into Partnership and / or collaboration agreements with Indian or foreign companies, firms, individuals, and/or Union or State Governments for the purpose of carrying on the foregoing manufacture or business.”

The authorized, issued and subscribed share capital of KPL as on 31/03/2020 is as under:

	Equity Shares	9.8 % Redeemable Cumulative Preference Shares
a) Authorised:		
Number of Shares	99,700	3000
Amount (Rs.)	99,700,000	300000
b) Issued, subscribed and fully paid:		
Number of Shares	15,160	-
Amount (Rs.)	15,160,000	-
(c) Par value per Share (Rs.)	1000/-	100/-

Complete Shareholding pattern of the Company as on 31/03/2020 is as under:

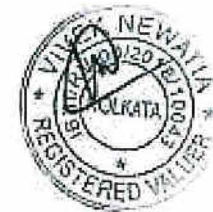
Sl No.	Name of the Shareholder	Total number of Share held	% of total share
1.	Vardhan Finvest Limited (being the Transferor Company)	14,143	93.29
2.	Anand Vardhan Kanoria	451	2.97
3.	Saumya Vardhan Kanoria	451	2.97
4.	Madhuvanti Kanoria	59	0.39
5.	Public holding	50	0.33
6.	Investor Education & Protection Fund	6	0.05
	Total	15,160	100.00



The financial position of KPL as on 31st March 2020 is as under:

Extract of Balance Sheet		Amount (Rs. Lacs)
Shareholders' Funds		9,667.78
Non Current Liabilities		
	Long Term Borrowings	2,542.35
	Deferred Tax Liabilities (Net)	724.27
	Other Long Term Liabilities	121.81
	Long Term Provisions	72.22
Current Liabilities		
	Short Term Borrowings	3,746.06
	Trade Payables	6,315.32
	Other Current Liabilities	2,192.91
	Short Term Provisions	27.75
Total Liabilities		25,410.47
Non Current Assets		
	Property Plant & Equipment	9,512.68
	Long Term Loans & Advances	1,423.98
Current Assets		
	Current Investments	685.50
	Inventories	3,951.19
	Trade Receivables	8,103.52
	Cash & Cash Equivalents	473.71
	Short Term Loans & Advances	1,029.76
	Other Current Assets	230.13
Total Assets		25,410.47

Extract of Profit & Loss Statement		Amount (in Rs. lacs)
Revenue from Operations		49,036.50
Other Income		775.52
Total Revenue		49,812.02
Cost of Materials Purchased		1,718.90
Purchases of Stock in Trade		39,828.50
Changes in Inventory of Finished Goods, Work-in- Progress and Stock in Trade		(807.31)
Employee Benefit Expenses		1,718.56
Other Expenses		2,708.12



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Total Expenses	45,166.77
PBDIT	4,645.25
Depreciation & Amortisations	1,150.95
PBIT	3,494.30
Finance Cost	476.93
PBT	3,017.37
Tax	600.98
PAT	2,416.39

Both the Transferor Company and the Transferee Company belong to the same group. Further, more than 99% shareholding in the Companies are ultimately beneficially held by the same promoter group - Kanoria family.

3. Rationale for the Scheme

- 3.1. The Transferee Company is the subsidiary of the Transferor Company. Therefore, in order to simplify the corporate structure, the Board of Directors of both the Companies have decided to enter into the proposed Scheme.
- 3.2. The proposed Amalgamation will enable both the companies to explore better opportunities of synergizing, which shall be beneficial to the shareholders, creditors and employees of the Companies, as such the scheme would create greater synergies between the businesses of both the Companies.
- 3.3. The size of the net worth and earnings of the consolidated business of the Transferee Company is likely to increase from the current level consequent upon the proposed amalgamation.
- 3.4. Such Amalgamation will result in economies of scale, reduction in overheads including administrative, managerial and other expenditure, operational rationalisation, organisational efficiency and optimal utilisation of resources.
- 3.5. The Amalgamation will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Companies.
- 3.6. The scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.

In view of the above, the Board of directors of both the companies have considered and proposed the amalgamation of the Transferor Company into the Transferee Company.

4. Source of Information

- 4.1. In connection with this exercise, I have used the following information about the Companies as received from the Management in either oral or in written form and/or gathered from the public domain:



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- a) Memorandum and Articles of association of the Companies;
- b) Brief business profile of the Companies;
- c) Complete Shareholding structure of the Companies;
- d) Audited Financial Statements of VFL and KPL for the Financial Year ended 31st March 2020;
- e) Scheme of Amalgamation of the Transferor Company with the Transferee Company.

- 4.2. Further, the management of each of the Companies has informed me that all material information impacting the respective Companies has been disclosed to me.
- 4.3. During the discussions with the respective managements of the Companies, I have also obtained explanations and information considered reasonably necessary for my exercise in respect of each of the Companies.
- 4.4. The Companies have been provided with the opportunity to review the draft report as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in the final report.

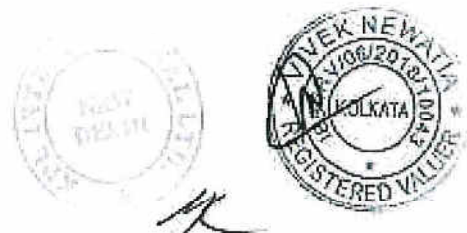
5. Procedures Adopted

In connection with this exercise, I have adopted the following procedures to carry out the valuation:

- 5.1. Discussion with the Management to understand the business and fundamental factors that affect its earning capability including strengths, weaknesses, opportunities and threats analysis and historical financial performance.
- 5.2. Review of the shareholding pattern of the Companies.
- 5.3. Analysis of information shared by the Management.
- 5.4. Selection of appropriate valuation methodology/(ies) as considered appropriate by me.
- 5.5. Arriving at fair share exchange ratio / swap ratio for the Proposed Amalgamation.

6. Valuation Methodology

- 6.1. The Scheme contemplates the Proposed Amalgamation under section 230 to 232 of the Companies Act, 2013 and rules issued thereunder to the extent applicable.
- 6.2. Arriving at the Fair share exchange ratio for the purpose of the proposed amalgamation, in accordance with ICAI Valuation Standards ("IVS") would require determining the relative values of each Company involved and their shares. These values are to be determined independently but on a relative basis and without considering the effect of the amalgamation.
- 6.3. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. In this valuation,



it is not the absolute values but the relative values which are of concern. My objective is to ascertain the relative valuation of the transferor company vis-à-vis the transferee companies to determine a fair and equitable share exchange ratio.

- 6.4. It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. I have given due cognizance to the same in carrying out the valuation exercise.
- 6.5. IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).
- 6.6. IVS 301 specifies that generally, following three approaches are used for valuation of business/business ownership interest:
1. **Market Approach:**
 - o Market Price Method;
 - o Comparable Companies' Quoted Multiple Method.
 2. **Income Approach:**
 - o Discounted Cash Flows Method.
 3. **Cost Approach:**
 - o Replacement Cost Method;
 - o Reproduction Cost Method;
 - o Net Asset Value Method.

6.7. Each of the above approaches of valuation is discussed in the following paragraphs.

6.7.1. Market Approach:

This approach indicates the value of a business based on a comparison of the business to comparable publicly traded companies and as well as prior business transactions in the industry. The Market Approach indicates the value of a business on a going concern basis, based on a comparison of the business to comparable publicly traded companies and as well as prior business transactions in the industry.

I understand that there are no listed guideline companies in India which are strictly comparable to the companies' business in terms of business profile and customer concentration. Further, the shares of both the Companies are not listed on any recognized stock exchange. Accordingly, the Market Approach has not been adopted for the valuation.

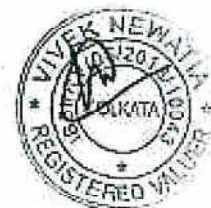
6.7.2. Income Approach - Discounted Cash Flows ("DCF") Method:

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by an asset. One of the widely used methods under the income approach is Discounted Cash flow (DCF) Method.

Under the DCF method the projected free cash flows to business are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the



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value of the business. An approach based on earnings is relevant in case of companies generating a steady stream of income.

The DCF method places reliance on cash flow projections which are estimated and prepared by the management. Further, the process of projecting future cashflows involves a number of assumptions which shall bring in lot of subjectivity in the exercise.

In view of the above, the income approach has not been adopted for the valuation exercise.

6.7.3. Cost/ Asset Approach

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset. The said valuation technique is based on the value of the underlying net assets of the business either on a book value basis or realizable value basis or replacement cost basis.

It is relevant to understand that application of any particular method of valuation depends on various factors such as the purpose for which the valuation is done, the relative share holding pattern of the Companies and other factors.

Further, in the absence of strictly comparable transactions and paucity of publicly available data on similar transactions in the relevant industry and non-availability of estimation of future cash flows projections, the cost-based method comes across the most suitable method.

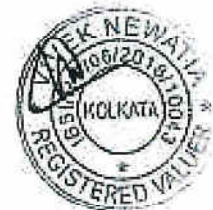
On perusal of the financial statements of VFL and other supporting information made available to me, it can be observed that VFL is an unlisted, RBI Registered Non Deposit taking Non Systemically Important Non-Banking Financial Company (NBFC), which is a Holding Company of KPL International Limited, holding about 93.29% of its share capital. It also has other financial assets, but does not have any immovable property. It's major source of income is dividend from its subsidiary KPL International Limited. It has no borrowings.

On the other hand, KPL International Limited is engaged in diversified businesses having turnover of nearly Rs. 500 Crores. This unlisted Company has immovable properties situated at different places in India. It has borrowing from Banks.

As per the Shareholding pattern of both the companies, more than 99% of shares in both the companies is ultimately held by the same promoter group being Kanoria family. Hence the Immovable properties and other business assets of KPL will ultimately remain with the Kanoria family only irrespective of the swap ratio determined.

In view of the given scenario, I have used the Net Asset Value Method under Cost approach to determine the fair value of the shares of the Companies.

This approach involves determining the value per share based on the underlying value of assets and liabilities of the Companies. I have considered the audited financial statements of VFL and KPL as at 31.03.2020 for the purpose of determining the fair value of shares of the respective



Companies. I have valued the Assets and Liabilities of KPL at book value, except contingent liabilities with respect to Income Tax and GST which have been valued at 50% of the amount mentioned in the Financial Statements as on 31/03/2020. In case of VFL, I have valued all the assets and liabilities at book value except VFL's investment in Equity Shares of KPL. These investments have been taken at the book value of Equity Share in KPL.

The detailed workings of the computation of fair values of equity shares of the Companies/undertakings are provided in Annexure – A, B and C.

7. Recommendation of Fair share exchange ratio/ Swap Ratio

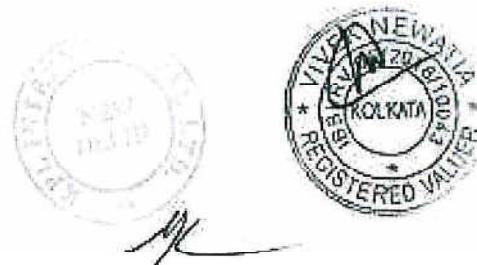
- 7.1. The basis of the fair share exchange ratio / swap ratio for the Proposed Amalgamation would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. It is, however, important to note that in doing so, I am not attempting to arrive at the absolute values of the Companies, but at their relative values to facilitate the determination of the fair share exchange ratio.
- 7.2. In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the fair share exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the Cost or Asset based approach.
- 7.3. The application of any method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can arrive at only one value for one purpose. My choice of methodology of valuation has been arrived at, using usual and conventional methodologies, adopted for transactions of a similar nature and my reasonable judgment, in an independent and bona fide manner.
- 7.4. While I have provided my recommendation of the Fair Share Exchange Ratio based on the information available with me and within the scope and constraints of my engagement, others may have a different opinion as to the Fair Share Exchange Ratio. The final responsibility for the determination of the exchange ratio at which the Proposed Merger shall take place will be with the Boards of the Companies who should consider other factors such as their own assessment of the Proposed Merger and input of other advisors.

8. Conclusion

Based on the foregoing, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I recommend following fair share exchange ratio for the Proposed Amalgamation. In doing so, I have kept in view the need to avoid fractional allotment of shares of KPL to the shareholders of VFL.

"1 (One) fully paid up equity share of Rs. 1,000/- (Rupees One Thousand only) each of KPL International Limited for every 40 (Forty) fully paid up equity share of Rs. 10/- (Rupees Ten only) each held in Vardhan Finvest Limited."

Refer Annexure for details.



9. Scope Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

- 9.1. This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. My client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I do not take any responsibility for the unauthorized use of this report.
- 9.2. I owe responsibility only to the client that has appointed me under the terms of the engagement letter dated 17/11/2020. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
- 9.3. While my work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.
- 9.4. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- 9.5. The report does not constitute an offer or invitation to any section of the public to subscribe for the preference shares of the Company. Further, the actual market price achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.
- 9.6. The client/owner and its management/representatives warranted to me that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.



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- 9.7. I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 9.8. The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to me.
- 9.9. I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking my evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my tendering evidence before such authority shall be under the applicable laws.
- 9.10. The Fair Value of assets of the company have been performed on the Audited Financials of VFL and KPL as on 31/03/2020 as provided by management. The management also confirmed that there has not been any material change in the financials of both the companies since the said last available financial statements.
- 9.11. While I have provided my recommendation of the fair share exchange ratio / swap ratio based on the information available to me and within the scope and constraints of the engagement, others may have a different opinion as to the fair share exchange ratio / swap ratio of the Companies. The final responsibility for the determination of the fair share exchange ratio / swap ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation / Arrangement and input of other advisors.

Yours faithfully,

Vivek Newatia

Vivek Newatia

Registered Valuer

IBBI/RV/06/2018/10043

Date: 07/12/2020

Place: Kolkata

UDIN: 21062636AAAAA4672



Annexure - ADetermination of Share Exchange Ratio for the purpose of Scheme of Amalgamation

Networth of the Companies	948,963,314	1,104,818,054
Fair Market Value of Shares (per share)	62,596.52	1,544.28
Workings	Annexure- B	Annexure- C
Method adopted for valuation	Net Adjusted Value	Net Adjusted Value
Calculation of SWAP RATIO	40:1	

For every 40 shares held in VFL, 1 share in KPL will be issued



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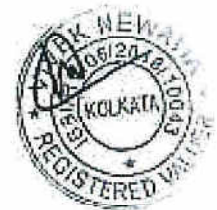
Annexure - B

KPL International Limited
Computation of Fair Value of equity share as on the Valuation Date

Assets	Book value
Property Plant & Equipments	
Land – Freehold	1,500,000
Land – Leaschold	12,936,185
Tea Plantation	20,839,646
Buildings	267,905,219
Roads	43,079
Plant & Machinery	629,111,342
Furniture & Fittings	3,451,587
Office Equipment	3,727,235
Motor Vehicles	8,002,697
Computer & Data Processing Units	1,934,454
Electrical Installations & Equipment	132,535
Computer Software	769,528
Capital Work In Progress	914,900
Long Term Loans & Advances	
Security Deposits	10,997,697
Prepaid expenses	12,777
MAT Credit Receivable	127,459,049
Advances to Employees	125,246
Capital Advance	3,803,124
Current Investments	
<u>Unquoted</u>	
ASK Pravi Equity Opportunities Fund	68,550,490
Inventories	395,118,728
<u>Trade Receivables - More than 6 months</u>	
Unsecured - Considered Good	9,687,794
Unsecured - Under Litigation	8,990,762
Less: Provisions	(7,445,841)
Trade Receivables – Others	799,119,717
Cash & Cash Equivalents	
Cash in Hand	161,435
Balances with Bank	



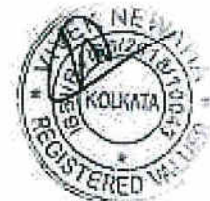
In Current A/c	1,797,434
EEFC Account	12,686,989
In Current A/c - In Foreign Countries	7,190,334
Unpaid Dividend A/c	431,000
Margin Money held as Securities	25,103,523
Short Term Loans & Advances	
Security Deposits	358,460
Prepaid expenses	10,803,925
Balance with GST & Other Govt Authorities	67,201,552
Income Tax payments and TDS Less Provisions	673,518
Advance to employees	1,035,120
Advance to Suppliers	21,242,866
Other Advances	1,660,884
Surplus Fund of Plan Asset- Gratuity Fund	4,263,894
Exports Benefits Receivable	402,010
Dividends & Interest Receivable	4,209,735
Other Receivable	14,136,763
Total assets	2,541,047,392
Liabilities	
Long Term Borrowings	254,234,633
Deferred Tax Liabilities (Net)	72,426,634
Other Long Term Liabilities	12,180,942
Long Term Provisions	7,222,429
Short Term Borrowings	374,606,040
Trade Payables	631,531,586
Other Current Liabilities	219,291,227
Short Term Provisions	2,775,978
Total liabilities	1,574,269,469
Less: Contingent Liabilities (taken at 50% of Book value)	17,814,610
Net Assets (I-II)	948,963,314
No. of equity shares of Rs. 1000/-each	15,160
Face value per equity share on a fully diluted basis (III/ IV)	62,596.52



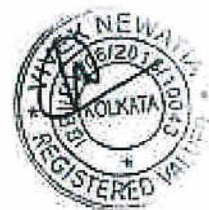
Annexure - C

VARDHAN FINVEST LIMITED
Computation of Fair Value of equity shares as on the Valuation Date

Assets	Nos.	Fair value	Source Of Information
Non Current Investments			
<u>Equity Instruments (Unquoted)</u>			
<u>Subsidiaries</u>			
KPL International Limited	14,143	885,302,582	Refer Annexure B
KPL Logistics Limited		817,046	
Breaking Wave Software Pvt Ltd		8,880,000	
<u>Company under same Group</u>			
Vardhan Ltd		2,246,185	
<u>NAV Based Equity Mutual Funds</u>			
HDFC Equity Opportunities Fund II - Regular - Dividend		10,000,000	
<u>NAV Based Gold-Oriented Mutual Funds</u>			
SBI Gold Fund- Direct Growth		20,000,000	
<u>NAV Based Debt- Oriented Mutual Funds</u>			
Aditya Birla Sunlife Overnight Fund - Regular- Growth		40,023,657	
ICICI Prudential Liquid Fund - Growth		25,695,449	
SBI Overnight Fund- Direct - Growth		43,648,170	
<u>Investments in Venture Capital Funds</u>			
BPEA Credit - India Fund II		9,300,000	
ICICI Prudential Real Estate AIF -II		3,440,750	
IIFL Real Estate Fund (Domestic) Series 3		8,597,787	
India Housing Fund		19,831,421	
Indus Way Emerging Market Fund Series Alpha		7,500,000	
Kaizen Domestic Scheme - I Class A1		7,283,518	
Long Term Loans & Advances			
MAT Credit Entitlement		4,933,537	
Security Deposit		10,000	



	Current Assets		
	Trade Receivables - Interest & Other Receivables		254,222
	Cash & Cash Equivalents		
	Cash in Hand		6,696
	Balances with Bank		3,136,877
	Short Term Loans and Advances		
	Inter Corporate Loan		4,000,000
I	Total assets		1104907897
	Liabilities		
	Other Current Liabilities		
	Trade Payables (Other than MSME)		
	Liabilities for Expenses		69,270
	Statutory Dues Payable		7,500
	Short Term Provisions		
	Provision for Income Tax (Nett)		3,139
	Provision on Standard Assets as per RBI Guidelines		10,000
II	Total liabilities		89,909
III	Net Assets (I-II)		1,104,817,988
IV	No. of equity shares of Rs. 10/-each		715,428
V	Fair value per equity share on a fully diluted basis (III/ IV)		1,544.28



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