

PURSHOTTAM INVESTOFIN LIMITED

Regd. Off: L-7, Menz Floor, Greenpark Extension, New Delhi -110016

Ph No. 011-46067802 CIN: L65910DL1988PLC033799 GSTIN: 07AAACD0419K1ZX

Email ID: purshottaminvestofin@gmail.com Website: www.purshottaminvestofin.in

To
The Board of Directors
Purshottam Investofin Limited

Report on recommendations of Audit Committee of Purshottam Investofin Limited on the draft Scheme of Arrangement for Amalgamation of Middle Path Trading Private Limited ("Transferor Company 1") and Shiraj Marketing Private Limited ("Transferor Company 2") with Purshottam Investofin Limited (Transferee Company)

A meeting of Audit Committee of Purshottam Investofin Limited was held on 24th December, 2021 to consider and recommend the proposed Scheme of Arrangement for Amalgamation of Middle Path Trading Private Limited ("Transferor Company 1") and Shiraj Marketing Private Limited ("Transferor Company 2") with Purshottam Investofin Limited ("Transferee Company") under Sections 230 to 232 of the Companies Act, 2013, in accordance with the amended SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021. This report of Audit Committee of the Transferee Company is being made in order to comply with the requirements of the aforesaid circular. The audit committee has considered and reviewed the draft scheme and drawn out the following major points:

Background of the Companies involved in the proposed scheme: -

A. Middle Path Trading Private Limited (herein after referred to as 'MPTPL' or "Transferor Company 1"), bearing CIN U51100DL2009PTC186443 was incorporated on 06st January, 2009 under the provisions of Companies Act, 1956. The registered office of the Transferor Company 1 is presently situated at Unit No.4, Pocket - 7 Sector – B 4, Narela, New Delhi - 110040.

The Transferor Company 1 is engaged in the Business of carrying on business of general merchants and traders in goods, wares, produce, products, commodities, handicrafts and merchandise, of every description.

B. Shiraj Marketing Private Limited (herein after referred to as 'SMPL' or "Transferor Company 2"), bearing CIN U51100DL2009PTC186445 was incorporated on 06st January, 2009 under the provisions of Companies Act, 1956. The registered office of the Transferor Company 2 is presently situated at Unit No. 4, Pocket - 7 Sector – B 4, Narela, New Delhi North West - 110040, India.

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The Transferor Company 2 is engaged in the Business of carrying on general merchants and traders in goods, wares, produce, products, commodities, handicrafts and merchandise, of every description.

- C. **Purshottam Investofin Limited** (herein after referred to as '**PIL**' or "**Transferee Company**"), bearing CIN L65910DL1988PLC033799 was incorporated on 04th November, 1988 under the provisions of Companies Act, 1956. The registered office of the Transferee Company is situated at L-7, Menz. Floor, Green Park Extension South Delhi – 110016, India. The equity shares of the Transferee Company are listed on BSE Limited.

The Transferee Company is a Non-Banking Financial Company registered with the Reserve Bank of India and is engaged in the business of providing loans and advance, investment in shares and other securities and other related activities.

Following documents were tabled at the meeting and reviewed by the Audit Committee:

1. Draft of proposed Scheme of Arrangement for Amalgamation of Middle Path Trading Private Limited ("Transferor Company 1") and Shiraj Marketing Private Limited ("Transferor Company 2") with Purshottam Investofin Limited (Transferee Company);
2. Valuation Report dated 23rd December, 2021 issued by Ajay Kumar Siwach (Registered Valuer, IBBI);
3. Fairness opinion dated 23rd December, 2021 issued by Corporate Professionals Capital Private Limited, SEBI Registered (Category I) Merchant Bankers.

Need and Rationale of Scheme of Arrangement:

The committee noted the following salient features of the scheme:

- The Transferor Company -1 and Transferor Company -2 were not engaged in any business activities however both the companies have surplus fund which were unutilized since long hence, the management of the Transferor Companies have decided to amalgamate Transferor Companies with Transferee Company and utilize the surplus fund of Transferor Companies in line of business activities of the Transferee Company. The proposed amalgamation of the Transferor Company 1 and Transferor Company 2 with Transferee Company will strengthening the financial business activity of Transferee Company as both the Transferor Companies business activities are in line of the business activities of the Transferee Company. The scheme of arrangement shall provide a similar kind of business to the Transferee Company which has growth potential and shall also provide the shareholders of Transferor Companies liquidity through listing and hence there is significant synergy for consolidation of all the entities at one place.
- The independent operations of the Transferor Companies and Transferee Company leads to incurrence of significant costs and the amalgamation would enable economies

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of scale by attaining critical mass and achieving cost saving. The amalgamation will thus eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient. This Scheme would result in simplified corporate structure of the Transferee Company and its businesses, thereby leading to more efficient utilization of capital and creation of a consolidated base for future growth of the Transferee Company.

- The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Companies and Transferee Company.
- The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.
- The proposed arrangement will provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.
- Further This Scheme of Arrangement for Amalgamation of the Transferor Companies with the Transferee Company would result, inter-alia, in the following additional benefits to their respective members:
 - i. Optimum and efficient utilization of capital, resources, assets and facilities;
 - ii. Enhancement of competitive strengths including financial resources;
 - iii. Consolidation of businesses and enhancement of economic value addition and shareholder value;
 - iv. Obtaining synergy benefits;
 - v. Better management and focus on growing the businesses.
 - vi. The amalgamation would result in reduction of overheads, administrative, managerial and other expenditure and bring about operational rationalization, efficiency and optimum utilization of various resources.
 - vii. A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith, and will be in public interest. The amalgamation will conducive for better and more efficient and economical control over the business and financial conduct of the Companies.

Cost Benefit Analysis of the Scheme:

The independent operations of the Transferor Companies and Transferee Company leads to incurrance of significant costs and the amalgamation would enable economies of scale by

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attaining critical mass and achieving cost saving. The amalgamation will thus eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient.

Impact of the Scheme on the Shareholders:

The Shareholders of Transferor Company 1 and Transferor Company 2 as on record date shall be entitled to equity shares in the Transferee Company basis the share exchange ratio determined by Ajay Kumar Siwach, Registered Valuer- Securities or Financial Assets (Registration No. IBBI/RV/05/2019/11412), in the valuation report submitted to this committee. On approval of the Scheme by the National Company Law Tribunal, the shareholders of Transferor Companies shall be allotted shares in the Transferee Company.

The Scheme will not adversely affect the rights or interest of any stakeholder of the Transferor Companies and Transferee Company or their respective shareholders or creditors.

Synergies of business of the entities involved in the Scheme:

The consolidation of the Transferor Company 1 and Transferor Company 2 with the Transferee Company will inter-alia result in the following synergies:

- Rationalization and streamlining of the management structure and pooling of financial resources, managerial and technical expertise of the Transferee Company.
- The proposed Amalgamation will eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient.

The audit committee reviewed the valuation report for Amalgamation and noted the facts as follows:

Share Entitlement Ratio: In consideration for the Amalgamation of Transferor Companies with the Transferee Company, the Transferee Company shall, without any further application or deed, issue and allot shares of face value of INR 10 each to the members of Transferor Companies in the following ratio:

“Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of “Transferor Company 1” (other than the shares already held therein immediately before the amalgamation by Transferee Company, its

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Nominee or Subsidiary Company), shares in proportion of 97 (Ninety Seven) Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares of face value of Rs.10/- (Rupees Ten) each held by them in "Transferor Company 1" pursuant to this Scheme of Amalgamation."

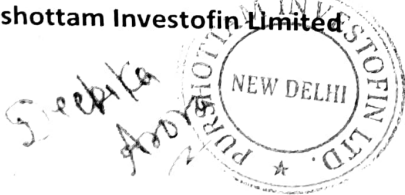
"Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of "Transferor Company 2" (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of 108 (One Hundred and Eight) Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares of face value of Rs.10/- (Rupees Ten) each held by them in "Transferor Company 2" pursuant to this Scheme of Amalgamation."

Fairness opinion confirmed that Share Entitlement Ratio is fair to the interest of shareholders of the companies.

Recommendation of the Audit Committee:

Having considered the documents, Share Valuation Report, Fairness Opinion, the audit committee hereby unanimously recommends the draft scheme for favorable consideration by the Board of Directors of the company, Stock Exchange and Securities and Exchange Board of India.

By and on behalf of the Audit Committee of
Purshottam Investofin Limited



Deepika Arora

DIN: 08774487

(Chairman of the meeting)

Place: New Delhi

Date: 10.02.2022