

PURSHOTTAM INVESTOFIN LIMITED

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

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To,
The Board of Directors
Purshottam Investofin Limited
L-7, Menz. Floor, Green Park Extension,
New Delhi - 110016

Report on recommendations of Independent Directors Committee of Purshottam Investofin Limited on the 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 Independent Director 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 SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021. This report of Independent Director Committee of the Company is being made in order to comply with the requirements of the aforesaid circular. The Independent Director committee has considered and reviewed the said Scheme of Arrangement and drawn out the following major points:

Background of the Companies involved in the proposed scheme:

- A. **Middle Path Trading Private Limited (herein after also referred to as ‘MPTPL’ or ‘Transferor Company 1’)**, bearing CIN U51100DL2009PTC186443 was incorporated on 6th 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 – B4, Narela, New Delhi North West - 110040.



- B. **Shiraj Marketing Private Limited** (herein after also referred to as 'SMPL' or 'Transferor Company 2') bearing CIN U51100DL2009PTC186445 was incorporated on 6th 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 - B4, Narela, New Delhi North West - 110040.
- C. **Purshottam Investofin Limited** (herein after also referred to as 'PIL' or 'Transferee Company') bearing CIN L65910DL1988PLC033799 was incorporated on 4th November, 1988 under the provisions of Companies Act, 1956. The Registered office of the Transferee Company is presently situated at L-7, Menz. Floor, Green Park Extension South Delhi - 110016. The Transferee Company is widely held listed company and the equity shares are listed on BSE limited.

Following documents were placed before the Independent Director Committee:

1. 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").
2. Valuation Report dated 24th December, 2021 issued by Ajay Kumar Siwach, independent IBBI Registered Valuer.
3. Fairness Opinion dated 24th December, 2021 issued by Corporate Professionals Capital Private Limited, SEBI Registered (Category I) Merchant Bankers.

Salient features of Scheme of Arrangement:

The committee noted the following salient features of the scheme:

- The scheme provides for Amalgamation of **Middle Path Trading Private Limited ('MPTPL')** and **Shiraj Marketing Private Limited ('SMPL')** into **Purshottam Investofin Limited ('PIL')** with effect from the Appointed Date i.e. 01.04.2021;
- 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.



Need and Rationale of Scheme of Arrangement:

The committee noted the following salient features of the scheme:

1. 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.
2. 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 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.
3. 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.



4. The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.
5. 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.
6. 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.

Scheme Not Detrimental to the Shareholders of the Transferor Companies:

The Committee members discussed and deliberated upon the rationale and salient features of the scheme, the valuation report and fairness opinion presented before the Committee.

In terms of the scheme, the Transferee Company will issue equity shares to the shareholders of the Transferor Companies based on the Share Entitlement Ratio. The Committee is of the informed opinion that the proposed Scheme is in the best interests of the Shareholders of the Company and not detrimental to the interest of the Shareholders, including the minority shareholders of the Company.

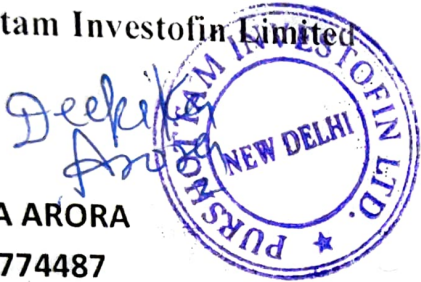


Recommendation of the Independent Director Committee:

Having considered the documents, Valuation Report, Fairness Opinion, the Independent Director Committee hereby unanimously recommends that the aforesaid Scheme of Arrangement for Amalgamation is not detrimental to the interest of the Shareholders.

By and on behalf of the Independent Director Committee of

Purshottam Investofin Limited



DEEPIKA ARORA

DIN: 08774487

(Chairman of the Committee)

Place: New Delhi

Date: 24.12.2021