



**KUSHAL TRADELINK LTD.**

Annexure-4

CIN : L74110GJ2000PLC037472  
Plot No. 115, Kushal House, Opp Hotel Nest,  
Nr. Girish Cold Drink Cross Road,  
Off. C G Road, Navrangpura,  
Ahmedabad-380009. Phone : 079-26408027  
Fax : 079-26404027, M : 9979842671/72  
Email:kushaltradelink@kushaltradelink.com  
Website:www.kushaltradelink.com

REPORT OF AUDIT COMMITTEE OF KUSHAL TRADELINK LIMITED ("THE COMPANY") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND KUSHAL INFRASTRUCTURE PRIVATE LIMITED, ASHAPURA PAPER MILLS PRIVATE LIMITED, KUSHAL WEALTH CREATORS PRIVATE LIMITED, RIDDHI SIDDHI RECYCLERS PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**Members Present:**

1. Anil Soni – Chairman
2. Kavita Jain – Member
3. Dharmendra Bhuchhada – Member
4. Kushal Agrawal – Member

**In Attendance**

1. Vimal Shah – Chief Financial Officer
2. Mittali Christachary – Company Secretary

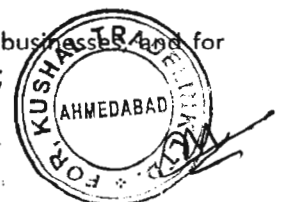
**1. Background**

- 1.1. A meeting of the Audit Committee of the Company was held on May 1<sup>st</sup>, 2017 to consider and recommend to the Board of Directors of the Company, the proposed Scheme of Amalgamation of Kushal Infrastructure Private Limited ("KIPL"), Ashapura Paper Mills Private Limited ("APMPL"), Kushal Wealth Creators Private Limited ("KWCP") and Riddhi Siddhi Recyclers Private Limited ("RSRPL") into the Company and their respective Shareholders and Creditors (hereinafter referred to as "Scheme") providing for the amalgamation of KIPL, APMPL, KWCP and RSRPL into the Company to be implemented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.
- 1.2. This report of Audit Committee is submitted in order to comply with the requirements of Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI").
- 1.3. The following documents were placed before the Audit Committee:
  - a. Draft Scheme duly initiated by the Company Secretary of the company;
  - b. Valuation Report dated 28th April, 2017, issued by the Independent Valuer, V. Goswami & Co, Chartered Accountant, Ahmedabad ("Valuation Report");
  - c. Fairness Opinion dated 29th April, 2017 issued by Gretex Corporate Services Private Limited, SEBI Registered Category I Merchant Banker, Mumbai ("Fairness Opinion")

**2. Proposed Scheme:**

2.1 The Audit Committee reviewed the draft scheme, Valuation Report and Fairness Opinion and noted the rationale and the benefits of the Scheme which inter-alia includes following:

1. Better, efficient and economical management, control and running of the business and for further development and growth of the business of the Transferee Company;





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2. The amalgamation will provide significant impetus to the growth of the Transferee Company. The amalgamation will lead to backward integration and synergies of operations and a stronger and wider capital and financial base for future growth/expansion of the Transferee Company along with diversification;
3. To economize on administrative and other expenses;
4. To increase the efficiency of combined business by pooling of resources and their optimum utilisation, thereby availing synergies from combined resources;
5. The banks, creditors and institutions, if any, are not affected by the proposed amalgamation as their security is maintained;
6. There shall be impetus and increase in the area of sales, network of the Transferee Company;
7. The combined managerial and technical expertise would enable the Transferee Company to develop a business model that would be competitive and cogent;
8. Simplification in compliance of various applicable laws and group structuring;
9. To avoid cascading effects of multiple taxes in Proposed GST;
10. Benefit of Multi Locational operation with diversification of products under one banner;
11. To Use the common resources for development of business of all the Companies which will reduce the overheads and thereby improving the financial performance.

2.2 The Audit Committee reviewed and noted the Valuation report and recommends the following share exchange ratio:

- 1) 395 fully paid up Equity shares of ₹ 27/- each of Kushal Tradelink Limited for every 100 Equity shares of ₹ 10/- each held by an Equity Shareholder in Kushal Infrastructure Private Limited.
- 2) 149 fully paid up Equity shares of ₹ 27/- each of Kushal Tradelink Limited for every 100 Equity shares of ₹ 10/- each held by an Equity Shareholder in Ashapura Paper Mills Private Limited.
- 3) 185 fully paid up Equity shares of ₹ 2/- each of Kushal Tradelink Limited for every 100 Equity shares of ₹ 10/- each held by an Equity Shareholder in Kushal Wealth Creators Private Limited.
- 4) 130 fully paid up Equity shares of ₹ 27/- each of Kushal Tradelink Limited for every 100 Equity shares of ₹ 10/- each held by an Equity Shareholder in Riddhi Siddhi Recyclers Private Limited

**Total 10258850 Equity Shares to be issued by KTL to the transferee companies as under.**

Sl No.	Name of Company	No. of shares of KTL to be issued
1	Kushal Infrastructure Private Limited	355500
2	Ashapura Paper Mills Private Limited	3725000
3	Kushal Wealth Creators Private Limited	1176600
4	Riddhi Siddhi Recyclers Private Limited	5001750

2.3 Further the Fairness Opinion confirmed that the Share exchange ratio in the Valuation Report is fair and reasonable to the Equity Shareholders of the company.





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**3 Recommendation of Audit Committee:**

Taking into Consideration the Valuation Report, Fairness Opinion and also the Independent assessment of the draft scheme, the Audit Committee recommends the draft scheme for favourable consideration by the Board of Directors of the company, the Stock Exchange and SEBI.

FOR & ON BEHALF OF THE AUDIT COMMITTEE  
OF KUSHAL TRADELINK LIMITED

  
ANIL SONI

CHAIRMAN, AUDIT COMMITTEE



DATE: 01/05/2017  
PLACE: AHMEDABAD

