

# VENTURA GUARANTY

REPORT OF THE AUDIT COMMITTEE OF VENTURA GUARANTY LIMITED RECOMMENDING THE DRAFT SCHEME OF MERGER BY ABSORPTION OF KASHMIRA INVESTMENT AND LEASING PRIVATE LIMITED (KILPL OR "TRANSFEROR COMPANY") WITH VENTURA GUARANTY LIMITED (VGL OR "TRANSFeree COMPANY" OR "THE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER AT ITS MEETING HELD ON SATURDAY THE 29 TH DAY OF JUNE 2024 AT 10.30 A.M. IST AT THE REGISTERED OFFICE OF THE COMPANY AT 8<sup>TH</sup> FLOOR, B-WING, I-THINK TECHNO CAMPUS, POKHRAN ROAD NO.2, OF EASTERN EXPRESS, HIGHWAY, THANE - 400607, MAHARASHTRA

**Present:**

1. Mr. Ganesh Acharya - Chairman
2. Mr. Manish Patel

**Invitees:-**

Mr. Hemant Majethia - Director

**In Attendance:**

Sudha Ganapathy - Company Secretary & CFO

**1. Background**

- 1.1 A meeting of the Audit Committee of the Company was held on 29<sup>th</sup> June, 2024 to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed scheme of merger by absorption of Kashmir Investment and Leasing Private Limited (the "Transferor Company" or "KILPL") with Ventura Guaranty Limited (the "Transferee Company" or "VGL") and their respective shareholders pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") and Rules framed thereunder ("Scheme").
- 1.2 The Transferee Company i.e. "VGL" is a listed public limited Company within the meaning of the Act. The equity shares of the Company are listed on the BSE Limited ("BSE") referred as the ("Stock Exchange").
- 1.3 The Transferor Company i.e. "KILPL" is a private limited company incorporated under the Companies Act, 1956. The equity shares of Transferor Company are presently not listed on the



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Stock Exchanges. The Transferee Company, i.e., VGL holds 87,698 Equity shares (10.06%) in the share capital of Transferor Company i.e. "KILPL".

1.4 In terms of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Scheme Circular"), a report from the Audit Committee ("Committee") recommending the draft Scheme is required, taking into consideration inter alia the Valuation Report for determining the share entitlement ratio ("SER"), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Committee has been made in compliance with the requirements of the SEBI Scheme Circular.

1.5 The following documents were placed before the Committee for its consideration:

- a) A draft of the Scheme;
- b) Valuation Report from M/s. Payal Gada & Co., Chartered Accountants, Registered Valuer, for determining the Share Entitlement Ratio ("SER") for the issuance of shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Scheme;
- c) Fairness Opinions from M/s. Systematix Corporate Services Limited, an independent SEBI registered Category I Merchant Banker, on the Share Entitlement Ratio "SER" (each a "Fairness Opinion");
- d) The Statutory Auditor's Certificate from M/s. G. K. Choksi & Co., Chartered Accountants, dated 29<sup>th</sup> June, 2024, certifying that the accounting treatment contained in the draft scheme is in compliance with all the applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 and the rules made thereunder and the Accounting Standards issued by ICAI, as applicable, and other generally accepted accounting principles.

## 2. Salient Features of the proposed Scheme:

The Committee discussed and noted the salient features of the proposed Scheme, the need for the amalgamation, the rationale of proposed scheme, synergies of business of entities involved, impact of the proposed Scheme on the shareholders and cost benefit analysis of the proposed scheme as below:

2.1 In terms of the Scheme, upon the Scheme becoming effective, the Transferee Company will issue shares to the shareholders of the Transferor Company in the ratio:



*"Eighty-Four (84) fully paid-up Equity Shares of Rs. 10/- each of the Transferee Company shall be issued and allotted for every One Hundred (100) fully paid-up Equity Shares of Rs. 10/- each held in the Transferor Company ("Share Entitlement Ratio")."*

2.2 The equity shares issued by the Transferee Company will be listed and admitted to trading on the Stock Exchange in compliance with SEBI Scheme circular and other relevant provisions as applicable.

2.3 The Appointed Date in respect of the Scheme shall be 1<sup>st</sup> April, 2024 or such other date as the National Company Law Tribunal, Mumbai Bench ("NCLT") may direct or fix.

2.4 The Scheme is and shall be subject to certain conditions precedent therein, including:

- Obtaining no-objection/ observation letter from the Stock Exchange in relation to the Scheme under Regulation 37 of the LODR.
- Obtaining prior approval from RBI for transfer of NBFC business of the Transferor Company.
- The approval of the Scheme by the requisite majority of the respective members and/ or creditors and such class of persons of the Transferor Company and the Transferee Company, as required in terms of the applicable provisions of the relevant Act as well as any requirements that may be stipulated by the relevant Adjudicating Body in this respect.
- The approval of the shareholders of Transferor Company and Transferee Company through e-voting and/or other mode as may be required under any applicable law and the SEBI circular, after disclosure of all material facts in the explanatory statement (including the applicable information pertaining to the Transferor Company in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations or notice or proposal accompanying resolution to be passed sent to the shareholders. The Scheme is conditional upon being approved by the public shareholders of the Transferee Company through e-voting in terms of Part- I(A) (10) (a) and (10)(b) of SEBI Master Circular No. SEBI/HO/CFD/POD -2 /P/ CIR / 2023/93 dated June 20, 2023 and the Scheme shall be acted upon only if votes cast by the public shareholders of the Transferee Company in favour of the proposal are more than the number of votes cast by the public shareholders of the Transferee Company against it.
- Sanction of the relevant Adjudicating Body, being obtained under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act, if so required on behalf of the Transferor Company and the Transferee Company.
- The necessary certified copies order under Sections 230 to 232 of the Act, and other applicable provisions of Act are duly filed with the Registrar of Companies, Maharashtra, Mumbai.



- All other sanctions and approvals as may be required by law in respect of the Scheme being obtained.

## 2.5 Need for the merger/amalgamation:

The proposed amalgamation of KILPL into VGL will provide VGL with opportunities for synergy, diversification, enhanced financial strength, geographic expansion, operational efficiencies, access to resources, and access to new markets, ultimately creating value for both companies' stakeholders.

Therefore, the committee believes that the amalgamation of KILPL with VGL would be in the best interests of the Transferor Company and the Transferee Company, as well as their respective shareholders, creditors, customers, and employees.

## 2.6 Rationale of the proposed Scheme:

- VGL holds 10.06% in KILPL. As stated above, both KILPL and VGL are registered NBFCs. Considering the overlap of business activities, it is proposed to integrate the respective business activities of both entities in a single entity. This will enable following:
  - Focused and holistic approach of the management towards combined business operations;
  - Integration of business operations would enable the Transferee Company to provide significant impetus to its growth;
  - Create value for stakeholders, including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, innovations in technology and expanded reach with increased growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies, amongst others;
  - Avoidance of duplication of administrative functions, reduction in multiplicity of legal and regulatory compliances;
  - Pooling of common resources leading to operational synergies;
  - Reduction in number of entities;



- Operating synergies resulting in cost optimisation, reduction in the number of Non-Banking Financial companies through surrender of NBFC license to the RBI as a result of the Amalgamation.
- There is no likelihood that any shareholder or creditor or employee of KILPL and VGL would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

## **2.7 Synergies of the business of entities involved:**

KILPL is a non-systematically important, non-deposit taking Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI). It is inter-alia engaged in the business of lending and borrowing against the securities. KILPL also trades and invests in securities. They carry out all the objectives of a NBFC.

VGL is a Non-Banking Finance Company registered as an investing company and non-deposit taking company with Reserve Bank of India. VGL is carrying out its activities through its subsidiary companies namely Ventura Securities Limited and a step-down subsidiary namely Ventura Allied Services Private Limited. VGL is a financial holding company.

The amalgamation aims to help the companies to increase its operational efficiencies and better utilization of resources, which will ultimately bring greater synergy in the operation.

## **2.8 Impact of the proposed Scheme on shareholders:**

Upon this proposed Scheme coming into effect, every shareholder of the Transferor Company holding fully paid-up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the record date will receive the equity shares of the Transferee Company in the Share Entitlement Ratio as per the Valuation Report. The equity shares issued by the Transferee Company would be listed on stock exchange i.e. BSE Ltd.

## **2.9 Cost Benefit analysis of the proposed scheme:**

The Audit Committee is of the view that although the Scheme involves certain costs including transaction costs, taxes, fees and duties etc., the Scheme would also entail the benefits set out in Paragraph 2.6 above and these benefits significantly outweigh the costs.



**3. Recommendation of the Audit Committee:**

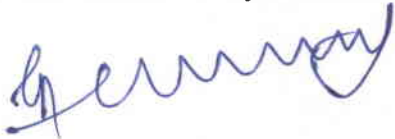
The Committee reviewed the aforesaid documents and after consideration of Need, Rationale, Synergies, Impact and Cost Benefits and due deliberations thereon by the members of the Audit Committee, the Committee relying upon the opinions contained in the said document and also the Fairness Opinion issued by the Merchant Banker, the committee unanimously decided to accept the Valuation and the proposed Share Swap Ratio as stated hereunder;

*"Eighty-Four (84) fully paid-up Equity Shares of Rs. 10/- each of the Transferee Company shall be issued and allotted for every One Hundred (100) fully paid-up Equity Shares of Rs. 10/- each held in the Transferor Company." ("Share Entitlement Ratio")*

The Audit Committee unanimously agreed to recommend the Scheme of Merger by Absorption of Kashmira Investment and Leasing Private Limited with Ventura Guaranty Limited, to the Board of Directors of the Company for further consideration, inter alia, in pursuant to the requirements of Stock Exchange, SEBI and other Regulatory Authorities including National Company Law Tribunal.

The Committee authorized the Chairman of the Committee to forward this report and recommendation to the Board of Directors of the Company.

**By order of the Audit Committee  
For Ventura Guaranty Limited**



**Ganesh Acharya  
Chairman of the Committee  
DIN: 00702346**



**Place: Thane**

**Date: 29.06.2024**