
**Kkalpana Industries (India) Limited
&
Ddev Plastiks Industries Limited**

**Report for Reasonableness of Share Entitlement
Ratio**



CorpValuers

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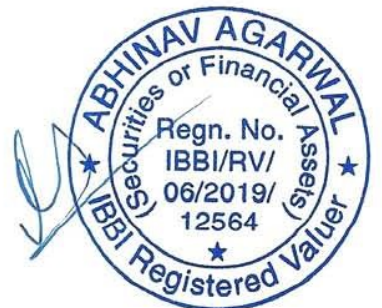
ABHINAV AGARWAL

ACS, LL.B., B.COM(H), RV(IBBI)

Registered Valuer

Securities or Financial Assets

Regn No. IBBI/RV/06/2019/12564



December 09, 2020

To,
The Board of Directors
Kkalpana Industries (India) Limited
2B, Pretoria Street, Kolkata
West Bengal, 700071

The Board of Directors
Ddev Plastiks Industries Limited
2B, Pretoria Street, Kolkata
West Bengal, 700071

Sub.: Report on share entitlement ratio for the proposed Scheme of Arrangement between Kkalpana Industries (India) Limited, Ddev Plastiks Industries Limited and their respective shareholders and creditors

Dear Sir / Madam,

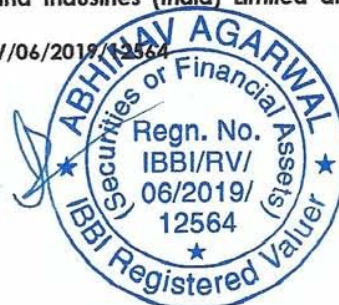
I refer to the engagement letter dated December 05, 2020 with Kkalpana Industries (India) Limited (the "Demerged Company") to report on reasonableness of share entitlement ratio for the proposed demerger of Compounding Business Undertaking (the "Demerged Undertaking") of the Demerged Company into Ddev Plastiks Industries Limited (the "Resulting Company"), as a part of Scheme of Arrangement with effect from Appointed date, i.e. April 01, 2021, or such other date as may be approved by the Hon'ble National Company Law Tribunal ('NCLT').

Share entitlement ratio is the number of shares of Resulting Company, that a shareholder of the Demerged Company would be entitled to in proportion to the existing shareholding in the Demerged Company. The definition of the Demerged Undertaking as per the draft Scheme provided to us is placed in Annexure I.

SCOPE AND PURPOSE OF ENGAGEMENT

This transaction is proposed under a Scheme of Arrangement under Section 230-232 and other applicable provisions of the Companies Act, 2013, as may be applicable, read with Section 66 of the Companies Act, 2013 (the "Scheme"). As per the Scheme, the Resulting Company will issue its shares to the shareholders of the Demerged Company as a consideration for the demerger and the shares held by the Demerged Company and its nominees in the Resulting Company would stand cancelled.

This report provides an opinion on the reasonableness of the share entitlement ratio for the proposed Demerger and is subject to the scope limitations, exclusions and disclaimers 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.



DISCLOSURE OF VALUER INTEREST OR CONFLICT

I hereby declare that I am independent of the subject Companies for valuation and have not been under any direct or indirect influence, which may affect the valuation exercise. I also state that I have no financial interest in the subject companies for valuation. I also confirm that this engagement shall be in compliance with the model Code of Conduct issued by IBBI vide Valuation Rules.

IDENTITY OF THE VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION

There were no other valuers, apart from me, and experts involved in the carrying out process of valuation.

DATE OF APPOINTMENT, VALUATION DATE AND DATE OF REPORT

For the purpose of this assignment of valuation, following shall be the key dates:

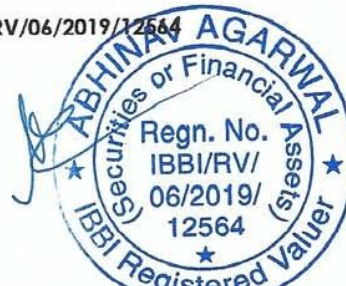
- a) **Valuation Date** - It refers to a point of time at which the asset is being valued in this report. The same is not relevant in this case.
- b) **Date of Appointment** - It refers to a date on which the engagement is provided to a Valuer i.e. December 05, 2020.
- c) **Date of Report** - It refers to a date on which the Report is signed by a Valuer. i.e. December 09, 2020.

BACKGROUND

Kkalpana Industries (India) Limited / Demerged Company is a public limited company incorporated under the provisions of Companies Act, 1956 on September 03, 1985 bearing Corporate Identification Number L19202WB1985PLC039431. The registered office of the Demerged Company is situated at 2B, Pretoria Street, Kolkata - 700 071. The equity shares of the Demerged Company are listed on BSE Limited ("BSE") & Calcutta Stock Exchange Limited ("CSE"). The Demerged Company has the following business undertakings:

- Compounding Business Undertaking; and
- Reprocessing Business Undertaking

Ddev Plastiks Industries Limited / Resulting Company is a public limited company incorporated under the provisions of Companies Act, 2013 on December 07, 2020 bearing Corporate Identification Number U24290WB2020PLC241791. The registered office of the Resulting Company is situated at 2B, Pretoria Street, Kolkata - 700 071. The equity shares of the Resulting Company are currently not listed on any stock exchange. The Resulting Company is a wholly owned subsidiary of the Demerged Company and is incorporated for demerging the Compounding Business Undertaking of the Demerged Company to the Resulting Company. Further, as an integral part of the Scheme and upon coming into effect of the Scheme, the face value of the equity share of the Resulting Company shall be sub-divided from INR 10/- per share to INR 1/- per share.



As per the draft scheme and discussions with the management of the Demerged Company, I understand that in pursuance of the demerger, the Demerged Undertaking of the Demerged Company would be transferred and vested in the Resulting Company. In consideration thereof, shares of the Resulting Company will be issued to the shareholders of the Demerged Company and the existing shares of the Resulting Company held by the Demerged Company and its nominees would stand cancelled. Consequently, the Resulting Company and the Demerged Company will have mirror shareholding and the shares of the Resulting Company would be listed on BSE only.

SOURCES OF INFORMATION

For the purpose of this exercise, I have,

- Considered the unaudited carved out financials of Demerged Undertaking as on March 31, 2020
- Considered the Draft Scheme of Arrangement
- Considered the existing shareholding pattern of the Demerged Company and the Resulting Company
- Relied on the representations of Management
- Carried out such other analysis, reviews and inquires as I considered necessary.

SCOPE LIMITATIONS, EXCLUSIONS AND DISCLAIMERS

I have relied upon the information, data and explanations given to us by the Management of the Demerged Company for the purposes of concluding on the reasonableness of Share Entitlement ratio in connection with the proposed demerger. I have not carried out a due diligence or audit of Demerged Undertaking or the Demerged Company nor have I independently investigated or otherwise verified the data provided. I do not express any form of assurance that the financial information or other information as provided by the Management is accurate.

Our conclusions assume that Demerged Undertaking, the Demerged Company and the Resulting Company comply fully with the relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that Demerged Undertaking are being managed in a competent and reasonable manner. Further, except as specifically stated to the contrary, this report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in audited carved out balance sheet of Demerged Undertaking. Our conclusion on reasonableness of share entitlement ratio assumes that the assets and liabilities of Demerged Undertaking remain intact as of date of forming such opinion on Share Entitlement Ratio.

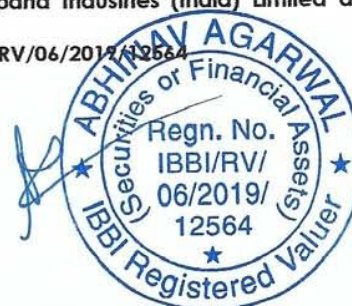
This Share Entitlement Ratio is essentially based on the information provided by the Management for which the Demerged Company accepts full responsibility. Our review and analysis have been limited to the above mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by the Demerged Company or the management should not be construed as expression of our opinion on it and I do not and will not accept any responsibility or liability for any inaccuracy in it.

The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single share entitlement ratio. While I have concluded on the reasonableness of the share entitlement

Valuation Report – Share entitlement ratio – Kkalpana Industries (India) Limited and Ddev Plastics Industries Limited – December 09, 2020

Abhinav Agarwal, Registered Valuer, Regn. No. IBBI/RV/06/2019/12564

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ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as on the same.

SHARE ENTITLEMENT RATIO

As of the Report date the issued and subscribed paid up capital of the Demerged Company consists of 94,072,930 Equity Shares of face value Rs. 2/- each.

I understand from the Management of the Demerged Company that the Resulting Company is a wholly owned subsidiary of the Demerged Company and it purposes to engage in Compounding Business of the Demerged Company (currently, the Company has no commercial business activities).

Further, as per the draft scheme provided to us and information provided by the Management of the Demerged Company, I understand that pursuant to the Scheme, the face value per equity share of the Resulting Company shall be sub-divided from INR 10/- per share to INR 1/- per share. Thereafter, 100% of the pre-scheme total issued and subscribed capital of the Resulting Company, held by the Demerged Company and its nominees, shall stand cancelled, without any further act or deed on part of the Resulting Company and the same shall be adjusted against the reserves of the Resulting Company in the manner provided for in the Scheme of Arrangement. (Refer to the Clause No. 18 relating to the cancellation of share capital of the Resulting Company as per the Draft Scheme provided to us and provided in Annexure II to this Report).

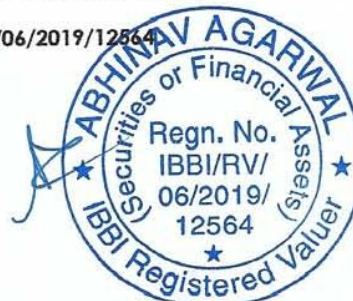
I understand that in consideration of the demerger of Demerged Undertaking, the Resulting Company would issue its equity shares to the equity shareholders of the Demerged Company in the following manner:

“1 (one) fully paid up equity shares of INR 1/- each of the Resulting Company, for every 1 (one) fully paid up equity shares of INR 2/- each in the Demerged Company.”

Based on the aforementioned and that upon demerger, the set of shareholders and holding proportion being proposed for the Resulting Company is identical to that of the Demerged Company, the beneficial economic interest of the shareholders of the Demerged Company in the Resulting Company will remain identical after the demerger.

I believe that the abovementioned share entitlement ratio is fair and reasonable considering that all the shareholders of the Demerged Company are and will, upon demerger, be the ultimate beneficial owners of the Resulting Company and in the same ratio as they hold shares in the Demerged Company, as on record date to be decided by the management of the Demerged Company.

Our report and share entitlement ratio is based on the current equity share capital structure of the Companies and proposed cancellation of existing share capital of the Resulting Company held by the Demerged Company and its nominees. Any other variation in the equity capital structure of the companies, apart from the above mentioned prior to the Scheme of Arrangement becomes effective, may have an impact on share entitlement ratio.



I also reproduce the table as prescribed by BSE for the purposes of issuance of this report in pursuance of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, as amended from time to time:

Computation of Fair Share Exchange Ratio (To be read along with the note below)

Valuation Approach	Kkalpana Industries (India) Limited		Ddev Plastiks Industries Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	N.A	N.A	N.A	N.A
Income Approach	N.A	N.A	N.A	N.A
Market Approach	N.A	N.A	N.A	N.A
Relative Value per Share	N.A		N.A.	
Exchange Ratio (rounded off)	N.A			

Note: Consequent to this Scheme of Arrangement, the economic beneficial interest of the shareholders of the Demerged Company shall remain the same. Also, post the scheme, the shareholding pattern of the shareholders of the Demerged Company in the Resulting Company would be identical / mirror shareholding as compared to their shareholding in the Demerged Company. Hence, this is a value neutral demerger. Therefore, valuation as per the above methods is not required.

Thanking you,

Yours sincerely,

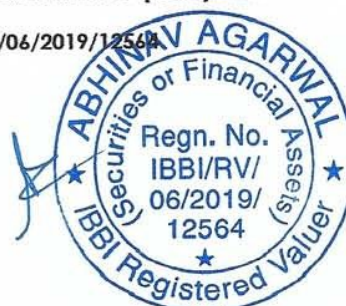



CS Abhinav Agarwal
Registered Valuer & Corporate Law Advisor
Reg. No. IBBI/RV/06/2019/12564
Date: December 09, 2020
Place: New Delhi

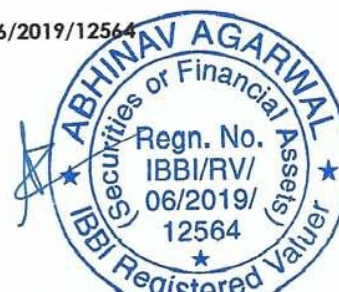
“Demerged Undertaking” (Clause 1.8 of the Draft Scheme)

“Demerged Undertaking” or “Compounding Business Undertaking” means and includes all activities, business operations of such undertaking, properties, Assets and Liabilities of whatsoever nature and kind and wheresoever situated, of and relating to the Compounding Business Undertaking of the Demerged Company as detailed below:

- (i) The business relating to “Compounding Business Undertaking” of the Demerged Company and other ancillary business connected therewith, on a going concern basis.
- (ii) All Assets and property, wherever situated, including in possession of third parties, whether movable or immovable, leasehold or freehold, tangible or intangible including but not limited to any and all rights, title and interest in connection with any land (together with the buildings and structures standing thereon), capital work-in-progress, plant and machinery, leasehold improvements, vehicles, furniture, fixture, office equipment, computer installations, software and related data, electrical appliance, accessories, investments; including investments in mutual funds made out of the surplus generated from the operations of “Compounding Business Undertaking”, stocks, stock in transit, wrapping supply and packaging items, debtors, intellectual properties, technical knowhow, patents, copy rights, licenses, approvals pertaining to or relatable to the operations of “Compounding Business Undertaking” of the Demerged Company.
- (iii) All debts and Liabilities, secured and unsecured, exclusively relating to the operations of “Compounding Business Undertaking”, as per the records of the Demerged Company, including borrowings, contractual liabilities, guarantees, provisions and security deposits.
- (iv) For the purpose of this Scheme, it is clarified that liabilities pertaining to the operations of “Compounding Business Undertaking” include:
 - a) The liabilities which arise out of the activities of “Compounding Business Undertaking”; and
 - b) Specific loans and / or borrowing raised, incurred and / or utilised solely for the activities of the “Compounding Business Undertaking”.
- (v) All employees of the Demerged Company substantially engaged in the operations of “Compounding Business Undertaking” and those employees that are determined by the Board of Directors of the Demerged Company to be substantially engaged in or in relation to the Demerged Undertaking on the date immediately preceding the Effective Date.
- (vi) All rights and licenses, membership, all assignments and grants thereof, all permits, registrations, quota, rights (including rights under any agreement, contracts, applications, letter of intent, or any other contract), subsidies, grants, tax credits, incentives or scheme of central / state governments, quality certifications and approval, product registrations (both Indian or foreign), regulatory approvals, entitlements, industrial and other licenses, municipal permissions, goodwill, approvals, consents, tenancies, if any, in relation to the office and / or residential properties for the employees, investments and / or interest (whether vested, contingent or otherwise) in projects undertaken by the Demerged Undertaking either solely or jointly with other parties, cash balances, bank balances, bank account, deposits, advances, recoverable receivables, easements, advantages, financial assets, hire purchase and lease arrangements, the benefits of bank guarantees issued on behalf of Demerged Company in relation to the operations of “Compounding Business Undertaking”, funds belonging to or proposed to be utilised for the operations of “Compounding Business Undertaking”, privileges all other claims, rights and benefits (including under any powers of attorney issued by the Demerged Company in relation



- to the operations of "Compounding Business Undertaking" or any power of attorney issued in favour of the Demerged Company or from or by virtue of any proceedings before a legal quasi-judicial authority or any other statutory authority to which the Demerged Company was a party, powers and facilities of every kind, nature and description whatsoever, rights to use and avail telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the operations of "Compounding Business Undertaking";
- (vii) All books, records, files, papers, computer programs along with their licenses, manuals and back-up, copies, drawing, other manuals, data catalogue, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customers pricing information, and other records whether in physical or electronic form, directly or indirectly in connection with or relating to the operations of "Compounding Business Undertaking";
- (viii) All advances, deposits and balance with Government, semi-Government, Local and other authorities and bodies, customers and other person, earnest money and / or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the operations of "Compounding Business Undertaking";
- In case of any question that may arise as to whether any particular asset (including common assets viz. cash / bank balances) or liability and / or employees or any other matter pertains or does not pertain to the operations of "Compounding Business Undertaking" of the Demerged Company, the same shall be decided mutually by the Board of Directors of the Demerged Company and the Resulting Company and the said decision shall be final;



Share Cancellation Clause (Clause 18 of the Draft Scheme)

REDUCTION AND CANCELLATION OF EQUITY SHARES OF RESULTING COMPANY HELD BY THE DEMERGED COMPANY AND ITS NOMINEES

- 18.1 Immediately upon Implementation of Part B of the Scheme and with effect from the Effective Date and upon allotment of the new equity shares by the Resulting Company to the shareholders of Demerged Company, the entire pre-demerger paid up equity share capital of the Resulting Company held by the Demerged Company and its nominees shall stand cancelled, extinguished and annulled without any consideration and the paid up capital of the Resulting Company to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of the Resulting Company, pursuant to section 66 of the Act as also any other applicable provisions of the Act.
- 18.2 The reduction of the share capital of the Resulting Company shall be effected as an integral part of the Scheme itself, without having to follow the process under section 66 of the Act separately and the order of the Hon'ble NCLT sanctioning this Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction.
- 18.3 On effecting the reduction of the share capital as stated in clause 18.1 above, the share certificates in respect of such shares cancelled by the Resulting Company and held by their respective holders shall also be deemed to have been cancelled.
- 18.4 The cancellation of the shares held by the Demerged Company and its nominees in the Resulting Company is to be appropriately adjusted with share capital/ share premium of the Resulting Company (pursuant to the provisions of the section 230 to 232 read with section 52 and section 66 and other applicable provisions, if any, of the Act.)
- 18.5 On the Effective Date, the Resulting Company shall debit its share capital account in its books of accounts with the aggregate face value of such cancelled shares.
- 18.6 The capital reserve in the books of the Resulting Company shall be increased to the extent to the amount of such cancelled shares.
- 18.7 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

