

**REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF SASTASUNDAR VENTURES LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT BETWEEN SASTASUNDAR VENTURES LIMITED, MICROSEC RESOURCES PRIVATE LIMITED AND SASTASUNDAR HEALTHBUDDY LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**1. BACKGROUND**

- 1.1. The Proposal to enter a Draft Composite Scheme of Arrangement between Sastasundar Ventures Limited ('Demerged Company / Amalgamated Company'), Microsec Resources Private Limited ('Resulting Company') and Sastasundar Healthbuddy Limited ('Amalgamating Company') and their respective shareholders ('Scheme') was placed before and considered by members of the Committee of Independent Directors at their meeting held on Friday, 14 July 2023.
- 1.2. The equity shares of Company are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') (Collectively referred to as "Stock Exchanges").
- 1.3. In terms of the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the Securities and Exchange Board of India on June 20, 2023, as amended from time to time ('SEBI Master Circular'), a report from the Independent Directors recommending the Scheme is required, taking into consideration, inter alia, that the Scheme is not detrimental to the shareholders of the Company.
- 1.4. The Report of the Committee of Independent Directors is made to comply with the requirements of SEBI Master Circular and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.5. The Scheme was placed before the Committee of Independent Directors in its meeting held on 27 March 2023 wherein the Committee had considered the Scheme and recommended the same to the Board for its approval. The Scheme was then approved by the Board and filed with BSE Limited and National Stock Exchange of India Limited for obtaining their No Objection Certificate in terms of the SEBI Master Circular for Scheme of Arrangement. However, the Stock Exchange had returned the Scheme to the Company with the instruction to re-file the same along with audited financial statements of the unlisted companies involved in the Scheme. Therefore, the Scheme is again being placed before the Audit Committee for their consideration along with audited financial statements of Microsec Resources Private Limited and Sastasundar Healthbuddy Limited.

**2. DOCUMENTS PLACED BEFORE THE INDEPENDENT DIRECTORS**

- i. Draft Composite Scheme of Arrangement;



- ii. Valuation Report issued by Mr. Parag Ved (Partner, SSPA & Co, Chartered Accountants) dated July 14, 2023 being the registered valuer appointed for the purposes of this Scheme (Registration No. IBBI/RV-E/06/2020/126);
- iii. Fairness Opinion Report dated July 14, 2023 issued by Fortress Capital Management Services Private Limited, Category-I SEBI Registered Merchant Banker (Reg. No. INM000011146) providing fairness opinion on the share entitlement and share exchange ratio recommended in the valuation report issued by SSPA & Co.;

### 3. **PROPOSED SCHEME**

3.1 The Scheme, *inter-alia*, provides the following:

- i. Part II of the Scheme - Demerger of Financial Services Business Undertaking from Sastasundar Ventures Limited to Microsec Resources Private; and
- ii. Part III of the Scheme - Amalgamation of Sastasundar Healthbuddy Limited with Sastasundar Ventures Limited, subsequent to the completion of demerger referred to in (i).

### 3.2 **Consideration / Share Entitlement and Share Exchange Ratio**

The Committee of Independent Directors reviewed the Valuation Report and noted the recommendation made therein. Further, the Fairness Opinion confirmed that the share entitlement and share exchange ratio recommended in the Valuation Report are fair to the shareholders of the Company.

The share entitlement and share exchange ratio recommended by the Valuation Report and confirmed by the Fairness Opinion are as follows:

- (a) Pursuant to Part II of the Scheme, and in consideration of the demerger of the Financial Services Business Undertaking from Sastasundar Ventures Limited to Microsec Resources Private Limited, Microsec Resources Private Limited shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of Sastasundar Ventures Limited, as on Record Date 1, 1 (One) equity share of Re. 10 each of Microsec Resources Private Limited for every 3 (Three) equity share of Re. 10 each of Sastasundar Ventures Limited;
- (b) Upon the coming into effect of Part III of the Scheme and in consideration of the amalgamation of Sastasundar Healthbuddy Limited into and with Sastasundar Ventures Limited, pursuant to Part III of the Scheme, Sastasundar Ventures Limited shall, without any further act or deed and without receipt of any cash, issue and allot to the shareholders of Sastasundar Healthbuddy Limited as on Record Date 2, 1,22,83,879 (One crore, twenty-two lakhs, eighty-three thousand, eight hundred and seventy-nine) equity shares of Re. 10 each of Sastasundar Ventures Limited for



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66,03,364 (Sixty-six lakhs, three thousand, six hundred and sixty-four) equity shares of Rs. 10 each of Sastasundar Healthbuddy Limited;



- 3.3 Appointed date for the Scheme is April 1, 2023;
- 3.4 The 'Effective Date' for the Scheme means the last of the dates on which certified copy of the order of the NCLT sanctioning this Scheme is filed with the Registrar of Companies, Kolkata ('RoC') by Sastasundar Ventures Limited, Sastasundar Healthbuddy Limited and Microsec Resources Private Limited.
- 3.5 The Scheme would be subject to the sanction or approval of the National Company Law Tribunal, SEBI, Stock Exchanges, Shareholders, Creditors and other Appropriate Authorities, as may be applicable.

#### **4. PURPOSE AND RATIONALE OF SCHEME**

##### **Purpose and Rationale for Demerger of Financial Services Business Undertaking from Sastasundar Ventures Limited to Microsec Resources Private Limited**

Sastasundar Ventures Limited is a multi-business corporate engaged in the business of providing of healthcare and financial services. Both the businesses of the Company have been nurtured over a period of time and are currently at different stages of growth. Demerger of Financial Services Business Undertaking from Sastasundar Ventures Limited to Microsec Resources Private Limited is in the best interest of the Companies involved and their respective shareholders, employees, creditors and other stakeholders on account of following benefits:

- (a) Demerger shall lead to creation of a separate, distinct and focused entity housing the Financial Services Business leading to greater operational efficiencies;
- (b) Segregating the businesses would enable independent business opportunities, attracting different sets of strategic partners and other stakeholders and would bring about greater internal control on business processes / ease in decision making;
- (c) Independent group structure for each of the Business Segments of the group will ensure required depth and focus on each of the segments and adoption of strategies necessary for the growth of the respective segments. The structure shall provide independence to the management in decisions regarding the use of their respective cash flows for dividends or capital expenditure in their respective businesses;
- (d) Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity

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improvements, and the elimination of duplication, and optimum rationalization of administrative expenses and utilization of human resources.

### **Purpose and Rationale for Amalgamation of Sastasundar Healthbuddy Limited with Sastasundar Ventures Limited**

Sastasundar Healthbuddy Limited is engaged in the business of wholesale trading of medicinal products, healthcare products and other Over the Counter (OTC) products and food processing unit. The aforesaid business of Sastasundar Healthbuddy Limited has been nurtured over a period of time. Amalgamation of Sastasundar Healthbuddy Limited with Sastasundar Ventures Limited is in the best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders on account of following benefits:

- (a) Sastasundar Healthbuddy Limited is the main operational entity in the Healthcare Segment of the group and therefore it's Amalgamation with Sastasundar Ventures Limited shall result in maximization of overall shareholder value;
- (b) Achieve simplification of group structure, optimal utilization of resources, better administration and cost reduction;
- (c) Creating synergies in operations, benefit of scale and enhancing competitive strength since duplication of administrative efforts, legal and regulatory compliances will be unified;
- (d) Independent group structure for each of the business segments of the group (i.e., Healthcare Business and the Financial Services Business) will ensure required depth and focus on each of the segments and adoption of strategies necessary for the growth of the respective segments. The structure shall provide independence to the management in decisions regarding the use of their respective cash flows for dividends or capital expenditure in their respective businesses.

Due to the aforesaid reasons, the Scheme would be in the best interests of the shareholders, creditors, employees and other stakeholders of Sastasundar Ventures Limited, Microsec Resources Private Limited and Sastasundar Healthbuddy Limited. In view of the abovementioned reasons and in order to avoid multiplicity of schemes and the consequent increase in cost and effort that may have to be expended by the Companies, the NCLT and the governmental authorities, it is considered desirable and expedient to implement the proposed Scheme.



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**5. SYNERGIES OF THE BUSINESSES INVOLVED IN THE SCHEME**

The said Scheme would entail the benefits specified in Clause 3 above.

**6. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANIES INVOLVED****6.1. Impact of Demerger on Shareholders**

Microsec Resources Private Limited is the wholly owned subsidiary of Sastasundar Ventures Limited. It is proposed to demerge the Financial Services Business Undertaking of Sastasundar Ventures Limited to Microsec Resources Private Limited pursuant to which the shareholding of Sastasundar Ventures Limited in Microsec Resources Private Limited shall get cancelled and the shareholders of Sastasundar Ventures Limited shall be allotted the fully paid-up equity shares of Microsec Resources Private Limited. These shares would subsequently get listed on BSE and NSE. Further, the shareholders of Sastasundar Ventures Limited shall get equity shares of Microsec Resources Private Limited in the same proportion as they are holding equity shares of Sastasundar Ventures Limited. The beneficial economic interest of the equity shareholders of the Sastasundar Ventures Limited in Microsec Resources Private Limited will remain same post implementation of the Scheme and every shareholder of Sastasundar Ventures Limited will hold same percentage of equity ownership in the Microsec Resources Private Limited as he owns in Sastasundar Ventures Limited.

The Committee further took note of the Valuation Report issued by SSPA & Co., Chartered Accountants dated 14 July 2023 containing share entitlement ratio determined for Demerger. The following are rationale behind the share entitlement ratio:

- Net Assets of FS Business of SVL proposed to be transferred to Microsec Resources Private Limited as a percentage to total Net Assets of SVL as on 31 March 2023
- The future equity servicing capacity of Microsec Resources Private Limited (i.e., payment of dividend to shareholders in future);
- Easily comprehensible to the shareholders;
- Optimum share capital of Microsec Resources Private Limited keeping in mind raising of capital by Microsec Resources Private Limited in future;
- Basis discussion on alternative capital structures for Microsec Resources Private Limited, share entitlement ratio of 1:3 seems appropriate.

**6.2. Impact of Amalgamation on Shareholders**

Subsequent to demerger, it is proposed to amalgamate Sastasundar Healthbuddy Limited into Sastasundar Ventures Limited, pursuant to which the shareholding of Sastasundar Ventures Limited (including its nominee shareholders) in Sastasundar



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Healthbuddy Limited shall get cancelled and the remaining shareholders of Sastasundar Healthbuddy Limited shall be allotted fully paid-up equity shares of Sastasundar Ventures Limited. Proposed amalgamation will enhance value for the shareholders through potential unlocking of value through direct listing of healthcare business and will provide an opportunity to the public shareholders to directly participate in the business of Sastasundar Healthbuddy Limited.

The impact of the Scheme on the shareholders, including, the public shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner except that there will be proportionate dilution of all the shareholders, including, the public shareholders due to issuance of shares to the existing shareholders of Sastasundar Healthbuddy Limited.

The Committee further took note of the Valuation Report issued by SSPA & Co., Chartered Accountants dated 14 July 2023 containing share exchange ratio determined for Amalgamation. The following are rationale behind share exchange ratio:

Post demerger of the financial services business, Sastasundar Ventures Limited's only significant asset will be its equity stake in Sastasundar Healthbuddy Limited. In consideration for the proposed amalgamation, Sastasundar Ventures Limited would issue equity shares to the equity shareholders of Sastasundar Healthbuddy Limited. Pursuant to amalgamation, the entire shareholding of Sastasundar Ventures Limited in Sastasundar Healthbuddy Limited will be cancelled and the other shareholders of Sastasundar Healthbuddy Limited viz. Rohto Pharmaceutical Co. Ltd, Japan and Mitsubishi Corporation, Japan ('Other Shareholders') will be issued such number of equity shares of Sastasundar Ventures Limited that their economic interest in Sastasundar Ventures Limited remains same as it was before amalgamation in Sastasundar Healthbuddy Limited.

- 6.3. Further, the Fairness Opinion confirmed that the share entitlement and share exchange ratio in the valuation report is fair to the involved Companies and their respective shareholders.
- 6.4. Based on the above and after taking into consideration the share entitlement and share exchange ratio and Fairness Opinion, the Committee is of the view that Scheme is in the interest of the shareholders of Company.

## 7. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme involves certain costs such as implementation cost, regulatory fees, stamp duty etc., the Scheme would entail the benefits specified in Clause 3.



**8. RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS**

The Committee of Independent Directors after due deliberations and due consideration of all the terms of the Scheme, Valuation Report, Fairness Opinion and the specific points mentioned above, recommends the Scheme for favourable consideration by the Board of Directors of the Company, the BSE Limited, the NSE Limited, the Securities and Exchange Board of India and other statutory or regulatory authorities.

**For and on behalf of the Committee of Independent Directors  
of Sastasundar Ventures Limited**

*P. K. Chattaraj*  
**Chairman of Committee of Independent Directors**  
**Parimal Kumar Chattaraj**  
**DIN: 00893963**



**Date: July 14, 2023**