



KAUSHALYA LOGISTICS

REPORT OF THE AUDIT COMMITTEE OF KAUSHALYA LOGISTICS LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN KAUSHALYA LOGISTICS LIMITED AND BHUMIKA LOGISTICS AND SERVICES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON 11TH APRIL, 2025 AT 12:00 P.M.

MEMBERS PRESENT

- | | | | |
|----|-----------------------------|---|----------|
| 1. | Mrs. Uma Verna | - | Chairman |
| 2. | Mr. Rajendra Prasad Mahipal | - | Member |
| 3. | Mr. Atul Garg | - | Member |

The quorum was present at the Meeting and remained till the conclusion of the Meeting.

1. Background

- 1.1 A meeting of the Audit Committee of Kaushalya Logistics Limited was held on 11th April, 2025 to consider and recommend the proposed draft scheme of arrangement providing for Demerger of the Demerged Undertaking (comprising of the Logistics business) from Kaushalya Logistics Limited ("**Demerged Company**" or "**Company**" or "**KLL**") into Bhumika Logistics and Services Limited ("**Resulting Company**" or "**BLSL**") and their respective shareholders under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2 The Demerged Company was incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the National Stock Exchange of India Limited ("**NSE**") on NSE Emerge Segment.
- 1.3 The Resulting Company was incorporated under the provisions of the Act.
- 1.4 This report of the Audit Committee is made to comply with the requirements of the Securities and Exchange Board of India ("**SEBI**") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and Clause 2(c) of Para A of Part I of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Equity Master Circular**") and as amended from time to time.

1.5 Documents placed before the Audit Committee

The following documents were placed before the Audit Committee:

- a. Draft Scheme;
- b. Share swap ratio report dated 11th April, 2025 issued by M/s Finvox Analytics (Registration No. IBBI/RV-E/06/2020/120), Registered Valuer ("**ShareSwap Ratio Report**"), describing the methodology adopted by them in arriving at the recommended share swap ratio;
- c. Fairness Opinion dated 11th April, 2025, issued by M/s Khandwala Securities Limited (Registration No. INB230600030), an Independent SEBI Registered Category-I Merchant Banker ("**Fairness Opinion**"), providing its opinion on the fairness of share swap ratio as recommended in the Share Swap Ratio Report;

For Kaushalya Logistics Ltd.

Director

Kaushalya Logistics Limited

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CIN U45400PB2007PLC063260



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- d. The Certificate dated 10th April, 2025 issued by M/s K.N. Gutgutia & Co., Chartered Accountants (FRN: 304153E), the Statutory Auditors of the Company, confirming that the accounting treatment stated in the Scheme is in compliance with the accounting standards prescribed under section 133 of the Act and generally accepted accounting principles;

2. Salient Features of the Scheme

The Audit Committee noted the brief particulars of the Scheme as under:

- a. The Scheme (as defined herein) is presented, *inter-alia*, under Sections 230 to 232 and other applicable provisions of the Act, SEBI Equity Master Circular read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961 and other applicable law, if any. The Scheme provides for demerger of the Demerged Undertaking by the Demerged Company into the Resulting Company and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
- b. The appointed date for the demerger shall be same as the Effective date ("Appointed Date").
- c. Upon the Scheme becoming effective, in consideration for demerger of the Demerged Undertaking by the Demerged Company into the Resulting Company, pursuant to the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to every equity shareholder holding equity shares in the Demerged Company, and whose names appear in the Register of Members of the Demerged Company on the Specified Date (as defined in the Scheme) in the following ratio:
- "1 equity shares (face value of Rs. 10/- per share) of the Resulting Company to be issued for every 1 equity shares (face value of Rs.10/- per share) of the Demerged Company"
- d. Upon the Scheme becoming effective, all assets, liabilities, contracts, employees, records, etc. of the Demerged Undertaking of the Company shall stand transferred to the Resulting Company as a going concern, subject to the provisions of the Scheme.
- e. From the Appointed Date and upto the Effective Date (as defined in the Scheme), the Company and the Resulting Company shall carry on its business and activities with reasonable diligence and business prudence.
- f. The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme.

3. Proposed Scheme

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3.1 Need for the demerger and rationale of the Scheme:

- a) **Segregation of different business verticals:** KLL is engaged in the business of (i) Logistics; (ii) E-commerce; and (iii) Real Estate. The nature of risks, rewards, financial profile, competition and opportunities for Logistics business is separate and distinct from other businesses. Further, the Logistics business is capable of attracting different set of investors, strategic partners, lenders and other stakeholders.
- b) The Demerger aims to establish KLL as a pure-play E-commerce and Real Estate entity, and as a result, it is considering to hive off the 'Logistics business' to BLSL. Given that BLSL will be listed post Scheme, it will facilitate price discovery for the Logistics business.
- c) The effectiveness of the proposed Scheme will lead to two listed entities with one entity continuing with the E-commerce and Real Estate business and on the other hand, other entity carrying on the Logistics business. This will enable both the entities pursue their respective strategies to deliver higher growth for all stakeholders with specific independent focus on the respective businesses.

3.2 Synergies of the business of the entities involved in the Scheme:

The Committee reviewed the Scheme and noted that the Scheme would help in segregation of the Logistics business of the Demerged Company since this business has huge potential for value unlocking and is capable of attracting different set of investors, strategic partners, lenders and other stakeholders. The Scheme will also help both the entities to pursue their respective strategies to deliver higher growth for all stakeholders with specific independent focus on the respective businesses.

3.3 Impact of the Scheme on the Company, and its shareholders

- a. The Scheme is expected to be beneficial to the equity shareholders of the Company leading to value unlocking for the Logistics Business in the long run and maximising the value and returns to the equity shareholders.
- b. In consideration for demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, the equity shareholders of the Company, as on the Specified Date (as defined in the Scheme) shall receive equity shares of the Resulting Company. Further, the rights and interests of the equity shareholders of the Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the equity shareholders of the Company, before and after the Scheme. The equity shares to be issued by the Resulting Company to the equity shareholders of the Company, pursuant to the Scheme, shall rank *pari passu* in all respects with the then existing equity shares, if any, of the Resulting Company.
- c. The equity shareholders of the Company will continue to be the equity shareholders of the Company.
- d. After the effectiveness of the Scheme and subject to the receipt of regulatory approvals, the equity shares of the Resulting Company issued as consideration pursuant to the Scheme, shall be listed on the National Stock Exchange of India Limited on NSE Emerge Segment.

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3.4 Cost benefit analysis of the Scheme

This Committee is of the informed opinion that the Scheme is in the best interests of the concerned companies and their respective equity shareholders. The impact of the Scheme on the equity shareholders (including the public shareholders) would be same in all respects and no equity shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

The Scheme helps in segregation of the Logistics business of the Demerged Company since this business has huge potential for value unlocking and is capable of attracting different set of investors, strategic partners, lenders and other stakeholders. The Scheme also helps both the entities to pursue their respective strategies to deliver higher growth for all stakeholders with specific independent focus on the respective businesses.

This is primarily on account of various operational synergies which are expected to accrue on account of the Scheme and more particularly detailed out in the aforesaid paragraphs. While the Scheme would lead to incurring of some costs towards its implementation; however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders.

4. Recommendation of the Audit Committee

The Audit Committee has taken on record the Share Swap Ratio Report and the Fairness Opinion and the recommendations made therein.

Taking into consideration the draft Scheme, Share Swap Ratio Report, Fairness Opinion and Certificate issued by Statutory Auditors of the Company, need for Demerger of the Demerged Undertaking and rationale of the Scheme, synergies of business of the companies, impact of the Scheme on the Company, its equity shareholders, cost benefit analysis of the Scheme and other documents placed before the Audit Committee, the Audit Committee recommends the draft Scheme for a favourable consideration and approval by the Board of Directors of the Company.

By Order of the Members of the Audit Committee

For and on Behalf of Kaushalya Logistics Limited

For Kaushalya Logistics Ltd.

Uma Verma
Chairman of the Audit Committee
DIN: 10197376

Director

Date: 11.04.2025

Place: Delhi