

PAISALO

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REPORT OF THE AUDIT COMMITTEE OF PAISALO DIGITAL LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT/AMALGAMATION BETWEEN THE COMPANY AND AGARWAL MEADOWS PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

To,
The Board of Directors,
Paisalo Digital Limited
101 CSC Pocket-52, CR Park,
Near Police Station New Delhi -110019

1. BACKGROUND

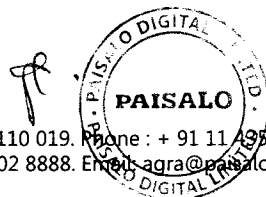
- 1.1. A meeting of the Audit Committee of Paisalo Digital Limited ("the Company") was held on February 23, 2018.
- 1.2. Agarwal Meadows Private Limited (Transferor Company) was incorporated under the Companies Act, 1956 on December 8, 1989 in the National Capital Territory of Delhi bearing registration no. 038586. At present the Registered Office of the Company is situated at CSC, Pocket-52, Chittaranjan Park, Near Police Station New Delhi - 110019. The Corporate Identification Number of the Company is U70200DL1989PTC038586. The Transferor Company is engaged in the business letting out of commercial property.
- 1.3. Paisalo Digital Limited (Transferee Company) was originally incorporated on March 5, 1992 under the Companies Act, 1956 as S. E. Investments Private Limited, bearing Registration No. 14135 and was having its Registered Office at Agra (Uttar Pradesh). Subsequently, the Company became a Public Limited Company in pursuance to a Special Resolution passed by the members of the Company at the Extra Ordinary General Meeting held on February 24, 1995. A fresh Certificate of Incorporation consequent to change of name as a result of conversion to a Public Limited Company was issued on March 1, 1995 by the Registrar of Companies, Uttar Pradesh, Kanpur. Further, on January 9, 2003 Company Law Tribunal, Northern Region Bench issued its Order C. P. No. 128/17/2002-CLB for granting its approval for shifting of Company's Registered Office from the State of Uttar Pradesh to National Capital Territory of Delhi and on May 22, 2003 Certificate, registering the Order of Company Law Tribunal, was issued by the Registrar of Companies, NCT of Delhi & Haryana. Accordingly the Registered Office of the Company shifted to National Capital Territory (NCT) of Delhi. Further, Pursuant to Special Resolution passed by the Shareholders of the Company dated December, 30, 2017 and Fresh Certificate of Incorporation pursuant to name change dated January, 12, 2018 issued by the Registrar of Company, Delhi the name of the Company changed from S. E. Investments Limited to Paisalo Digital Limited. At present the Registered Office of the Company situated at 101, CSC, Pocket 52, CR Park, Near Police Station, New Delhi-110019 and the Corporate Identification Number of the Company is L65921DL1992PLC120483.

PAISALO DIGITAL LIMITED
FORMERLY KNOWN AS S. E. INVESTMENTS LIMITED

Registered Office: 101, CSC, Pocket 52, Near Police Station, CR Park, New Delhi - 110 019. Phone : + 91 11 4951 8888. Email: delhi@paisalo.in
Head Office: Block 54, First Floor, Sanjay Place, Agra - 282 002. Phone : +91 562 402 8888. Email: agra@paisalo.in

CIN: L65921DL1992PLC120483

www.paisalo.in



अर्थ: समाजस्य न्यासः

Paisalo Digital Limited is a Systemically Important Non Banking Financial Company, registered with Reserve Bank of India as Loan Company vide Certificate of Registration bearing registration No B-14.02997.

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), and BSE Limited (BSE) and Global Depository Receipt are listed on Luxembourg Stock Exchange.

Currently, the Transferee Company is engaged in the financing business.

- 1.4. The draft Scheme of Arrangement/Amalgamation of Agarwal Meadows Private Limited with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") was placed before the Audit Committee of the Company by the management to consider and recommend the said draft Scheme to the Board of Directors of the Company.
- 1.5. This report of the Audit Committee is made in order to comply with the requirements of Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI CIRCULAR").
- 1.6. The draft Scheme provides for the amalgamation of the Transferor Company into the Company in the manner as more particularly set out in the draft Scheme.

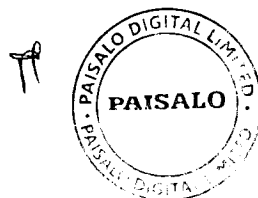
The following documents were placed before the Audit Committee:

- a) Draft Scheme, duly initialed by the Managing Director of the Company for the identification;
- b) Valuer's Valuation Report dated February 22, 2018 prepared and issued by M/s Sanjeev Jagdish Chand & Associates, Chartered Accountants, for the purposes of the SEBI Circular ("**Valuation Report**");
- c) Fairness Opinion dated February 23, 2018 prepared and issued by M/s Corporate Professionals Capital Private Limited, Merchant Banker for the purposes of SEBI Circular ("**Fairness Opinion**");
- d) Certificate prepared and issued by the Statutory Auditor of the Company, M/s. Mukesh Kumar & Co., Chartered Accountants, confirming that the proposed accounting treatment specified in the draft Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued there under and all the applicable Accounting Standards prescribed under the Companies Act, 2013 and other accounting principles generally accepted in India; and

2. PROPOSED SCHEME OF ARRANGEMENT/AMALGAMATION

The salient features of the draft Scheme are, inter alia, as under:

- a) The draft scheme provides for the amalgamation of the Transferor Company into the Transferee Company;



- b) The proposed Appointed Date for the Scheme is closing hours of December 31, 2017;
- c) Upon the proposed amalgamation becoming effective, all assets, liabilities, contracts, rights, obligations etc. of the Transferor Company shall stand transferred to the Company. Further, upon the proposed amalgamation becoming effective, the Transferor Company shall stand dissolved without any further act or deed;
- d) The Transferee Company shall account for the amalgamation in its books in accordance with applicable Accounting Standards and generally accepted accounting principles adopted in India; and
- e) The Scheme will become effective on obtaining all approvals as mentioned in the Scheme.

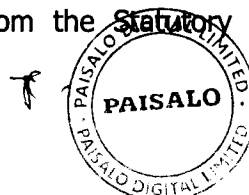
3. THE PROPOSED AMALGAMATION PURSUANT TO THE SCHEME IS EXPECTED, INTER ALIA, TO RESULT IN FOLLOWING KEY BENEFITS

The Transferor Company and Transferee Company are of the opinion that the proposed arrangement between the Transferor Company with Transferee Company will be for the benefit of both the Companies in the following manner:

- a) The amalgamation will enable pooling resource of the Companies involved in the amalgamation to their common advantage, resulting in more productive utilization of such resources, cost & operational efficiencies which would be beneficial for all stakeholders.
- b) The amalgamation would result in the creation of a Transferee Company with larger asset base and net worth with strong financials enabling further growth and development of the Company and enable the transferee Company to withstand with the growing competition in the market scenario.
- c) The proposed amalgamation will result in reduction in overhead and other expenses, reduction in administrative and procedural work and eliminate duplication of work and will enable the companies concerned to effect internal economies and optimize productivity.
- d) The proposed amalgamation if comes into effect then it will strengthen the credibility of transferee company with the financial institutions, banks and general public and which would eventually benefit the Shareholders of the Transferee Company and Transferor Company.

There is no likelihood that interests of any Shareholder or creditor of either the Transferor Company or the Transferee Company would be prejudiced as a result of the Scheme. The Scheme of Arrangement/Amalgamation will not impose any additional burden on the members of the Transferor Company or the Transferee Company.

The Audit Committee reviewed the Independent Chartered Accountants Report along with the Fairness Opinion and noted the recommendations made therein. The Audit Committee also noted the Certificate obtained from the Statutory Auditor of the



Company, on the accounting treatment prescribed in the draft Scheme, as required under the SEBI Circular.

The Audit Committee has considered and noted the aforementioned documents and recommends the draft Scheme of Amalgamation of Agarwal Meadows Private Limited with the Company to the Board of Directors of the Company for its favorable consideration.

After effectiveness of the Scheme and in consideration of and subject to the provisions of the Scheme, Transferee Company shall, without any further application, act, deed, consent, instrument, issue, and will allot to each Shareholder of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, in the following proportion:

Equity Shares in the Transferee Company as fully paid-up in the ratio of 5918 equity shares of Rs. 10/- each in the Transferee Company for every 100 equity share of Rs. 100/- each held by the Shareholders as fully paid-up in the Transferor Company ("Share Exchange Ratio"). If any of the Shareholder of the Transferor Company becomes entitled to receive fraction of such an Equity Share in the capital of the Transferee Company, such fraction shall be rounded off to the nearest integer.

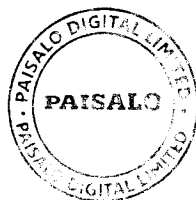
The equity shares of the Transferee Company to be issued and allotted as provided in the Scheme shall be subject to the provisions of the Memorandum of Association and Articles of Association of Transferee Company, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Transferee Company, as the case may be, after the effective date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.

4. RECOMMENDATION OF THE AUDIT COMMITTEE

The Audit Committee after taking into consideration the Valuation Report and fairness Opinion thereon and due deliberations, recommends unanimously the draft Scheme for favorable consideration by the Board of Directors of the Company, the stock exchanges and SEBI.

**By Order of the Audit Committee
For Paisalo Digital Limited**


**(PRADEEP AGARWAL)
Chairman, Audit Committee**



**Place : New Delhi
Date : February 23, 2018**