

Report No: 109 /2017-18

Annexure - 1

To,  
The Board of Directors,  
Weizmann Forex Limited and Karma Energy Limited.

**Independent Practitioner's Report as regards exchange ratio of equity shares between Weizmann Forex Limited (WFL) and Karma Energy Limited (KEL) in the matter of demerger of Wind Mill Division from WFL to KEL.**

1. We have been requested to validate the computation of net asset value of Wind Mill Division of Weizmann Forex Limited and net asset value of Karma Energy Limited. The net asset value is to be computed to derive exchange ratio for the proposed demerger of Wind Mill Division of WFL to KEL. This report is issued in accordance with the terms of our engagement letter dated 17<sup>th</sup> October 2017.
2. Accordingly, the accompanying Annexure I to the report contains calculation of exchange ratio of equity shares based on Net Assets Value (NAV) method in the matter of demerger of Wind Mill Division from WFL to KEL i.e. for issue of equity shares by KEL to shareholders of WFL pursuant to demerger of Wind Mill Division from WFL to KEL.

**Management's Responsibility**

3. The preparation of details as per Annexure I is the responsibility of the Management of Weizmann Forex Limited (hereinafter 'the Company') and Karma Energy Limited including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the details as per Annexure I and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Practitioner's Responsibility**

4. Pursuant to the requirements as given in para 1 and 2 above, it is our responsibility to provide a reasonable assurance on the details given in Annexure I.
5. The following procedures have been performed by us during the course of the verification:
  - a. We have relied on the audited financial statements for the year ended 31<sup>st</sup> March 2017 of WFL dated 24<sup>th</sup> May 2017 which has been audited by Sharp & Tannan, Chartered Accountants.
  - b. We have relied on the audited financial statements for the year ended 31<sup>st</sup> March 2017 of KEL dated 26<sup>th</sup> May 2017 which has been audited by U. B. Sura & Co., Chartered Accountants and Shyam C Agrawal & Co., Chartered Accountants.



# N. A. SHAH ASSOCIATES LLP

Chartered Accountants

## Annexure I to the report

### As referred to in our report no. 109 dated 30<sup>th</sup> October 2017

- c. We have relied on the un-audited balance sheet of the Wind Mill Division of WFL as shared by the management for the year ended 31<sup>st</sup> March 2017. These figures have been traced to the note no 2.29 of segment reporting as given in audited financial statements of WFL.
  
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Conclusion

7. Based on our examination, as above, we confirm the calculation as given in Annexure I.

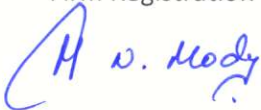
## Restriction on use

8. The report is provided solely for the purpose of submission to board of directors of Weizmann Forex Limited as mentioned in para 2 above. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **N. A. Shah Associates LLP**

Chartered Accountants

Firm Registration No. 116560W / W100149



**Milan Mody**

**Partner**

Membership No. 103286



Place: Mumbai

Date: **30 OCT 2017**

# N. A. SHAH ASSOCIATES LLP

Chartered Accountants

Annexure I to the report

As referred to in our report no. 109 dated 30<sup>th</sup> October 2017

[INR in lakhs]		
Particulars	Wind Mill Division of Weizmann Forex Limited	Karma Energy Limited
<b>1 Calculation of NAV / Book value of Karma Energy Limited (KEL) and Wind Mill Division of Weizmann Forex Limited (WFL) as at 31<sup>st</sup> March 2017</b>		
<b>ASSETS</b>		
<b>Non-current Assets</b>		
(a) Fixed Assets		
(i) Tangible Assets	2,869.53	4,811.14
(ii) Capital work-in-progress	-	37.45
(b) Non-Current Investments	-	3,801.05
(c) Long-Term Loans and Advances	2.20	85.35
(d) Other Non-Current Assets	-	82.63
	<b>2,871.73</b>	<b>8,817.62</b>
<b>Current Assets</b>		
(a) Current Investments		
(b) Inventories	-	54.47
(c) Trade Receivables	226.46	2,504.87
(d) Cash and Bank Balances	509.31	408.85
(e) Short-Term Loans and Advances	71.11	121.51
	<b>806.88</b>	<b>3,089.70</b>
<b>Total</b>	<b>3,678.61</b>	<b>11,907.32</b>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
(a) Long-Term Borrowings	1,586.50	648.32
(b) Deferred Tax Liabilities (Net)	-	1,266.13
(c) Long-Term Provisions	4.49	23.66
	<b>1,590.99</b>	<b>1,938.11</b>
<b>Current Liabilities</b>		
(a) Short-Term Borrowings	-	3,879.54
(b) Trade Payables	73.10	81.91
(c) Other Current Liabilities	16.23	1,504.06
(d) Short-Term Provisions	1.66	156.31
	<b>90.99</b>	<b>5,621.82</b>
<b>Total</b>	<b>1,681.98</b>	<b>7,559.93</b>
<b>Net Asset Value (NAV) [INR in lakhs]</b>	<b>1,996.63</b>	<b>4,347.39</b>
<b>2</b> Number of equity shares (face value of Rs. 10 each fully paid up) [Nos in lakhs]	115.64	115.70
<b>3</b> NAV per equity share	17.27	37.57
<b>4</b> Exchange ratio per share (i.e. per equity share to be issued by KEL to each equity shareholder of WFL)		0.46





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- 5 KEL can issue 5.06 equity shares of face value of INR. 10 each to shareholders of WFL for every 11 equity shares of face value of INR 10 each held in WFL.

This may be rounded off to issue of 5 equity shares of INR 10 each by KEL for every 11 equity shares of INR 10 each held in WFL. Further fractional entitlement of 0.06 also needs to be considered by the KEL.

### Notes:

- a) As informed, cash & bank balances are dedicated to Wind Mill division and hence considered in above NAV calculation of the division.
- b) The above figures reconcile with audited books of accounts of WFL except tax receivable of INR 16.34 lacs which is not considered as divisional asset since the tax credit / benefit would be received at the corporate level.
- c) Accounting for provision for gratuity and contribution to the group gratuity scheme is done at corporate level and hence not considered in divisional liability.
- d) KEL holds 1,000 number of equity shares in WFL and hence to that extent, KEL will not be able to issue shares.

