



Kkalpana Industries (India) Limited

December 11, 2020

To,
The Listing Department
BSE Limited
P. J. Tower, Dalal Street
Fort, Mumbai - 400 001

Calcutta Stock Exchange Limited
7, Lyons Range
Murgighata, Dalhousie
Kolkata - 700 001

Dear Sir,

Sub.: Outcome of the meeting of the Board of Directors of Kkalpana Industries (India) Limited held on December 11, 2020 and disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("SEBI LODR Regulations").

Ref.: Draft Scheme of Arrangement amongst Kkalpana Industries India Limited ("Demerged Company") and Ddev Plastiks Industries Limited ("Resulting Company") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("Scheme" or "the Scheme" or "Scheme of Arrangement").

Sale of Equity Shares of M/s Plastic Processors and Exporter Private Limited, Wholly Owned Subsidiary of the Company held by the Company.

The Board of Directors in their meeting held today, i.e. December 11, 2020 have approved to restructure the business of the Demerged Company by way of a Scheme of Arrangement whereby the Compounding Business Undertaking of the Demerged Company will be demerged into the Resulting Company as a going concern with effect from the Appointed Date. The transaction is proposed through a Scheme of Arrangement under Section 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013, subject to receipt of requisite statutory / regulatory approvals including the approval of the jurisdictional Bench of the National Company Law Tribunal ("Tribunal").

Pursuant to Regulation 30 of the Listing Regulations as amended, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, details of the Scheme are enclosed herewith as Annexure A.

Further, the Board also approved the transfer of 50000 equity shares of Rs. 10/- each of M/s Plastic Processors and Exporter Private Limited ("PPEPL"), Wholly Owned Subsidiary of the Company, held by the Company as Investment, upon recommendation of the same by the Audit Committee of the Company. It may be noted that upon execution of such transfer M/s Plastic Processors and Exporter Private Limited, Wholly Owned Subsidiary of the Company shall cease to be the Subsidiary of the Company.

Pursuant to Regulation 30 of the Listing Regulations as amended, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, the required details in regard to sale of equity shares of PPEPL are enclosed herewith as Annexure B

You are requested to take the same on record and disseminate on your website.

Thanking you,

Yours sincerely,
For Kkalpana Industries (India) Limited

Tanvi Panday

Name **TANVI PANDAY**
Designation **COMPANY SECRETARY**



Encl.: As above

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www.kkalpanagroup.com

CIN : L19202WB1985PLC039431



Kkalpana Industries (India) Limited

Annexure A

Details of the Scheme under Regulation 30 of the Listing Regulations read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015

Sr. No.	Particulars	Details					
1	Brief details of the division(s) to be demerged	<p>The Demerged Company is engaged in the business of manufacturing plastic compounds and owns the following two business undertakings:</p> <ul style="list-style-type: none">• Compounding Business Undertaking; and• Reprocessing Business Undertaking <p>The Demerged Company would demerge its 'Compounding Business Undertaking' (hereinafter referred to as the 'Demerged Undertaking') including all its assets, investments, liabilities, rights, benefits, interests and obligations (<i>as specifically set out in the Scheme</i>), to the Resulting Company and it would continue to run and operate the 'Reprocessing Business Undertaking' (hereinafter referred to as the 'Remaining Undertaking').</p>					
2	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year	<table><tr><th>Total Revenue from Operations of the Compounding Business Undertaking (as on March 31, 2020) (INR in lakhs)</th><th>% of the total turnover of Kkalpana Industries India Limited (as on March 31, 2020)</th></tr><tr><td>171,115.17</td><td>97.10%</td></tr></table>	Total Revenue from Operations of the Compounding Business Undertaking (as on March 31, 2020) (INR in lakhs)	% of the total turnover of Kkalpana Industries India Limited (as on March 31, 2020)	171,115.17	97.10%	
Total Revenue from Operations of the Compounding Business Undertaking (as on March 31, 2020) (INR in lakhs)	% of the total turnover of Kkalpana Industries India Limited (as on March 31, 2020)						
171,115.17	97.10%						
3	Rationale for demerger	<p>The underlying business rationale and objectives are as follows:</p> <ol style="list-style-type: none">1. The Demerged Undertaking and the Remaining Undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods, leading to different growth potentials. Hence, segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently;2. The demerger would result in achieving efficiency in operational processes by designing and implementing independent strategies specifically designed for the two businesses and in optimizing profitability. This would in turn enhance the shareholders' wealth.3. Targeting and attracting new investors with specific focus and expertise in the two businesses, thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses;4. The Compounding Business Undertaking of the Demerged Company is an old and diverse undertaking, that caters to a range of sectors viz., housing wiring, high voltage cables, packaging, white goods, automotive, footwear, to name a few. The Compounding Business Undertaking has proved its significant resistance to market volatility over the years and					

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		<p>therefore, on a standalone basis, it has scope for enhanced valuation and entry of strategic domestic / international players by way of technological tie-ups / direct acquisition of stake in the business. Hence, demerger of the Compounding Business Undertaking would help in targeting and attracting new investors with specific focus and expertise in the business, thereby providing the necessary funding impetus to the long-term growth strategy of the businesses.</p> <p>5. The remaining Undertaking of the Demerged Company, inter alia, comprises of a Reprocessing Business Unit located in Falta, West Bengal, and it holds a license for reprocessing of plastic waste which has restriction on transferability. A similar license is also held in a Dubai based wholly owned subsidiary ['WOS'] of the Demerged Company. Since ultimate ownership of such licenses relating to the Remaining Undertaking rests with the Demerged Company, the Reprocessing Business Undertaking along with its corresponding licenses as aforesaid, would be continued to be retained by the Demerged Company.</p> <p>6. Further, given the recent international trends and demand for recycling of plastics (recognized as upcycling across the world), the Reprocessing Business Undertaking has significant long-term growth prospects. Moreover, growth potential of the Reprocessing Business Undertaking is substantially high. Hence, demerger of the Compounding Business Undertaking would also enhance the standalone valuation for Reprocessing Business Undertaking. Such higher growth and valuation potentials would be attractive to specific set of strategic domestic / international players who would look to target direct acquisition of stake in the business. The transfer and vesting of the Demerged Undertaking to the Resulting Company will enable better focus and management of the Demerged Undertaking and the Remaining Undertaking.</p> <p>7. The Reprocessing Business Undertaking is a debt free unit and has significantly lower working capital requirement as compared to the Compounding Business Undertaking. Hence, demerger of the Compounding Business Undertaking would help in independently managing the different funding requirements of the two business, both in terms of type of funds and amount of infusion required for the businesses.</p> <p>8. As part of expansion plans for Reprocessing Business Undertaking, the Demerged Company intends to explore chemical recycling and other recycling activities, which are also expected to attract strategic domestic and international investors.</p>
4	Brief details of change in shareholding pattern (if any) of all entities	<p>There will be no change in the shareholding pattern of the Demerged Company as a result of the demerger pursuant to the Scheme.</p> <p>As on the date, the entire holding of the Resulting Company is held by the Demerged Company and thus, Resulting Company is a wholly owned subsidiary of the Demerged Company. Further, upon</p>

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		<p>effectiveness of the Scheme, the existing paid up capital of the Resulting Company held by the Demerged Company, shall stand cancelled.</p> <p>In terms of the Scheme, the Resulting Company will issue equity shares to the shareholders of the Demerged Company basis the share entitlement ratio approved by the Board relying on the Valuation Report provided by the Valuer, Mr. Abhinav Agarwal, dated December 09, 2020.</p> <p>The post Scheme shareholding pattern on the Resulting Company will be as under:</p> <table><tr><th>Category</th><th>Number of shares (of face value INR 1 each)</th><th>%age</th></tr><tr><td>Promoters</td><td>70,405,545</td><td>74.84</td></tr><tr><td>Public</td><td>23,667,385</td><td>25.16</td></tr><tr><td>Total</td><td>94,072,930</td><td>100.00</td></tr></table> <p>Since, the shares will be issued by the Resulting Company in the same proportion in which the shareholders hold the shares in the Demerged Company, subject to receipt of regulatory approvals, the overall economic interest of the equity shareholders of the Demerged Company shall remain the same in both the Companies.</p>	Category	Number of shares (of face value INR 1 each)	%age	Promoters	70,405,545	74.84	Public	23,667,385	25.16	Total	94,072,930	100.00
Category	Number of shares (of face value INR 1 each)	%age												
Promoters	70,405,545	74.84												
Public	23,667,385	25.16												
Total	94,072,930	100.00												
5	In case of cash consideration – amount or otherwise share exchange ratio	<p>No consideration is payable under the Scheme in form of cash. The Resulting Company will issue equity shares to the shareholders of the Demerged Company as under:</p> <p><i>"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."</i></p>												
6	Whether listing would be sought for the resulting entity	<p>Yes, the Resulting Company will make an application with BSE for listing of its equity shares in compliance with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and relevant regulations thereof.</p>												

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Annexure B

Details of the transfer of shares of subsidiary under Regulation 30 of the Listing Regulations read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015

Sr. No.	Particulars	Details
1	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	Not Applicable
2	Date on which the agreement for sale has been entered into	The approval to transfer equity shares of M/s Plastic Processors and Exporter Private Limited, Subsidiary of the Company, held by M/s Kkalpana Industries India Limited ("the Company"), as Investment, has been accorded by Board of M/s Kkalpana Industries India Limited, on 11.12.2020
3	The expected date of completion of sale/disposal;	The expected date for completion of the transfer of shares, as referred above, is 31.01.2021, subject to approval by the Board of Directors of M/s Bbigplas Poly Private Limited (transferee) and M/s Plastic Processors and Exporter Private Limited.
4	Consideration received from such sale/disposal	Since the transfer of shares, as referred above, is subject to approval by the Board of Directors of M/s Bbigplas Poly Private Limited (transferee), the consideration has not yet been received. However, the proposed transfer price is Rs. 10/- per share.
5	Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof.	Details of Buyer: M/s Bbigplas Poly Private Limited CIN: U25200WB2009PTC138327 PAN: AADCK7909G Address: 2B, Pretoria Street, Kolkata - 700071 The Buyer is the holding Company of M/s Kkalpana Industries (India) Limited and belongs to its promoter group.
6	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length"	Yes the Transaction is a Related Party Transaction and duly approved by the Audit Committee and Board of M/s Kkalpana Industries (India) Limited. The transaction is at Arms's Length and Share Valuation Report issued by Mr. Pranab Kumar Chakrabarty (Registration No. IBBI/RV/05/2019/10780), IBBI Registered Valuer has been considered in proposing the share transfer price
7	Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.	Not Applicable

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