



ARYAMAN
FINANCIAL SERVICES LTD

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June 01, 2018

To,
The Board of Directors
Prakash Constrowell Ltd
The Exchange, Trimbak Road,
Near Ved Mandir, Tidke Colony,
Nashik – 422 002.

Sub: Fairness Opinion on Share Entitlement Ratio for the purpose of the Proposed Scheme of Arrangement between Prakash Constrowell Ltd and Bhumit Real Estate Pvt Ltd.

Dear Sir,

In connection with the proposed Scheme of Arrangement between Prakash Constrowell Ltd ("PCL" or the "Company" or "Transferor Company") and Bhumit Real Estate Pvt Ltd. ("BREPL" or the "Resulting Company") for the Demerger Undertaking of PCL into BREPL under Sections 230 to 233 and provisions of the Companies Act, 2013, to the extent applicable (the "Scheme" or the "Scheme of Arrangement").

We, Aryaman Financial Services Ltd, SEBI registered Merchant Bnaker, having Registration No. INM000011435, have been engaged by you to give our fairness opinion on the share entitlement ratio recommended by M/s. BSKS & Associates, Chartered Accountants, vide their report dated May 30, 2018. The Scheme shall be subject to (i) Receipt of approval from the High Court and (ii) other statutory approval(s) as may be required in this regard.

1) BACKGROUND

- Prakash Constrowell Limited ("PCL") was incorporated on January 04, 1996 in the name and style of "Prakash Constrowell Private Limited" as per the certificate of Incorporation issued by the Registrar of Companies Maharashtra and subsequently upon its conversion into a deemed public limited company, its name was changed to Prakash Constrowell Limited on January 05, 2011 and an amended certificate of incorporation was issued by Registrar of Companies Maharashtra, Mumbai under the provisions of Companies Act, 1956 and presently its registered office is located at The Exchange, Near Ved Mandir Tidke Colony, Trimbak Road, Nashik – 422 002. The Paid-up Share Capital of PCL is ₹ 12,56,78,260/- consisting of 12,56,78,260 Equity Share of ₹ 1/- each. The equity shares of PCL are listed on BSE Limited and on National Stock Exchange of India Limited.
- Bhumit Real Estate Private Limited ("BREPL") was incorporated on June 06, 2015. The Registered office of the Company is located at D-316, Neelkanth Business Park, Vidyavihar Station Road, Mumbai – 400 086. The main object of BREPL is to engage in business of Real Estate i.e builders, developers, infrastructural development, to buy, acquire, develop, lease, manage property. BREPL is a Wholly Owned Subsidiary of PCL since November 2016. The Paid-up Share Capital of BREPL is ₹ 1,00,000, consisting of 1,00,000 Equity Share of ₹ 1/- each. Currently the equity shares of BREPL are not listed on any Stock Exchange.

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- PCL proposes by way of scheme of arrangement it's Demerged Undertaking by enabling the investors to separately hold investments in Demerged Undertaking and allow the business to independently pursue its growth strategies. In this context, the management of PCL proposes this scheme of arrangement.
- The Scheme envisages transfer and vesting of the Demerged Undertaking of PCL into BREPL under Sections 391 to 394 read with under Sections 230 to 233 and provisions of the Companies Act, 2013, to the extent applicable. Under the scheme, Demerged Undertaking of PCL will be transferred on a going concern basis to BREPL and in consideration, equity shares of BREPL would be issued to the equity shareholders of PCL and the existing shareholding of PCL in BREPL will get cancelled.
- After the proposed scheme, it is proposed to get BREPL listed on BSE Limited and National Stock Exchange of India Limited. BREPL will apply for listing in compliance with all applicable provision under law, subject to necessary permission, sanctions and / or approvals of the statutory / regulatory authorities. The Appointed Date for transfer and vesting of Specified Undertaking would be commencement of business on April 01, 2018.

2) SCOPE AND PURPOSE OF THE OPINION

- The Company has appointed M/s. BKSK & Associates, Chartered Accountants ("Valuer") to recommend a fair and equitable share entitlement ratio for the proposed demerger, pursuant to which the Valuer had issued the Report which had recommended that the equity shareholders of PCL will be entitled to receive 1 (One) fully paid up equity shares of ₹ 1/- each of BREPL for every 5 (Five) fully paid up equity share of ₹ 1/- each held in PCL.
- The Fairness Opinion is addressed to the Board of Directors of PCL. Further this Fairness Opinion has been issued as per the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.
- The purpose of the opinion is to safeguard the interest of the shareholders and that of the companies involved in the Scheme and this opinion shall be made available to the shareholders of the relevant Companies at the time of their meeting to pass the necessary resolution for the Scheme and to any other relevant authority.

3) SOURCE OF INFORMATION

For arriving at the opinion set forth below, we have:

- Perused the Draft Scheme
- Audited Financial Statements of PCL for the year ended March 31, 2018.
- Audited Financial Statements of BREPL for the year ended March 31, 2018.
- Current shareholding pattern of PCL and BREPL.
- Report on the share entitlement ratio recommended by M/s. BKSK & Associates, Chartered Accountants dated May 30, 2018.
- Such other information and explanations as we required and which have been provided by Management.



4) CAVEATS AND DISCLAIMER CLAUSE

- We wish to emphasize that, we have relied on explanations and information provided by the respective Key Management, Valuers report and other public available information. Conclusions reached by us are dependent on the information provided to us being complete & accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our certificate.
- We have no present or planned future interest in Prakash Constrowell Ltd and Bhumit Real Estate Pvt Ltd. and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction.
- Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management of Prakash Constrowell Ltd and Bhumit Real Estate Pvt Ltd. have drawn our attention to all matters of which they are aware and may have an impact on our opinion.
- This certificate is prepared with a limited purpose / scope as identified / stated earlier and will be confidential i.e. being for use only to whom it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.

5) APPROACH FOLLOWED FOR GIVING FAIRNESS OPINION ON SHARE ENTITLEMENT RATIO

The management of the PCL proposed that upon the Scheme becoming effective, the shareholders of PCL will receive 1 (One) fully paid up equity shares of ₹ 1/- each of BREPL for every 5 (Five) fully paid up equity share of ₹ 1/- each held in PCL.

In determining the criteria for arriving at the fairness opinion on the Share Entitlement Ratio for the Scheme, the following approach has been adopted and taken in to consideration:

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- Level of Share Capital in BREPL having regard to its serviceability.
- BREPL is a Wholly Owned Subsidiary of PCL since November 2016. The Paid-up Share Capital of BREPL is ₹ 1,00,000/-, consisting of 1,00,000 Equity Share of ₹ 1/- each.
- After demerger, BREPL will have mirror shareholding of PCL as upon the Scheme becoming effective and the existing equity shares hold by PCL in BREPL shall stand cancelled.
- The entitlement ratio does not result in the dilution of effective holding of any one or more shareholders of PCL and the shareholders of PCL, instead of holding shares in one Company, will hold shares in both the companies, directly or indirectly.

6) CONCLUSION

Based on our examination of the draft of the Proposed Scheme of Arrangement and the report of M/s. BKSK & Associates, Chartered Accountants dated May 30, 2018, we are of the opinion that the proposed share entitlement ratio of issuance of 1 (One) fully paid up equity shares of ₹ 1/- each of BREPL for every 5 (Five) fully paid up equity share of ₹ 1/- each held in PCL at the record date is fair in relation of the Proposed Scheme of Arrangement.

Yours Faithfully,

For Aryaman Financial Services Limited

Deepak P. Biyani


Deepak Biyani
(AVP – Merchant Banking)