



GRETEX CORPORATE SERVICES PRIVATE LIMITED

CIN : U74999MH2008PTC288128 SEBI Registration Code: INM000012177

OFFICE NO. 13, 1ST FLOOR, (NEW BANSILAL BUILDING), 9-15, HOMI MODI STREET,
FORT, NEAR BSE, MUMBAI - 400 001

022- 40025273 , 9836822199, 9836821999 info@gretexgroup.com

September 15, 2020

To,

The Board of Director
Esaar (India) Limited
204 B-Wing, New Prabhat SRA CHS LTD,
Chikuwadi, Plot-115, Next to Bisleri Factory,
W. E, Highway, Andheri East,
Mumbai - 400 099
Maharashtra, India

Subject: Merchant Banker's Fairness Opinion on the proposed Scheme of Arrangement between Esaar (India) Limited and its Shareholders.

We refer to the discussions wherein the management of Esaar (India) Limited ("the Company") requested Gretex Corporate Services Private Limited ("We", "Our" or "Us"), in our capacity as a Merchant Banker, to give a Fairness Opinion on the reduction of the share capital of the Company under the proposed Scheme of Arrangement ("the Scheme") between the Company and its Shareholders.

1. Background

1.1 The Company, a public limited company, has its registered office at 204 B-Wing, New Prabhat SRA CHS LTD, Chikuwadi, Plot-115, Next to Bisleri Factory, W. E, Highway Andheri East, Mumbai - 400 099, Maharashtra, India and its Corporate Identity Number is L67120MH1951PLC222871. The Company is engaged in the business of providing Financial Services, holding valid Certificate of registration as a Non-Banking Financial Institution from Reserve Bank of India bearing No. B-13.02120 dated 05.04.2016. The equity shares of the Company are listed on the BSE Limited (Bombay Stock Exchange) vide scrip code 531502.

1.2 The Scheme provides for reduction of the share capital of the Company.

1.3 The Fairness Opinion requested from Us is to be provided in our capacity as Category I Merchant Banker (Registration Code: INM000012177) and is required to be submitted to the BSE Limited to facilitate the Company's compliance with regulation 11, regulation 37 & regulation 94 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated 10th March 2017.

2. Source of Information

For the said examination and for arriving at the Fairness Opinion set forth below, we have considered the following documents (duly certified by the management of the company), representations and explanations provided to us by the management of the company:

- Draft copy of the Scheme.
- Such other information and explanations as we required and which have been provided by the management of the Company.



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3. Key features of the Scheme

- 3.1 The issued, subscribed and paid-up share capital of the Company was Rs.20,44,25,000.00 comprising of 2,04,42,500 equity shares of Rs.10.00 each and the securities premium were Rs.1,24,89,490.00 based on the Audited standalone financial statements for the financial year ended March 31, 2020. Further, these financial statements reflect accumulated losses (i.e., debit balance of profit and loss account) of Rs.8,63,03,260.00 for the period ended March 31, 2020. Such accumulated losses have substantially wiped off the value represented by the share capital.
- 3.2 Considering the future prospects of growth and value addition to the Company and its Shareholders, it is proposed to re-align the relationship between its capital and assets in accordance with Section 52 and Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013 (to the extent applicable), by writing-off the accumulated losses of Rs.8,63,03,260.00 reflecting in the Audited standalone financial statements for the financial year ended March 31, 2020 against the paid-up share capital and Securities Premium Account balance of the Company, to have a rational structure which is commensurate with its remaining business and assets.
- 3.3 It is proposed to effect the reduction of share capital from Rs.20,44,25,000.00 divided into 2,04,42,500 equity shares of Rs. 10/- each to Rs.13,06,11,230.00 divided into 1,30,61,123 Equity Shares of Rs. 10/- each. Further, it is also proposed that the Securities Premium Account of the Company be reduced from Rs.1,24,89,490.00 to Rs. Nil. Therefore, the accumulated losses of Rs.8,63,03,260.00 will be set off to the extent of the share capital cancelled i.e. Rs.7,38,13,770.00 divided into 73,81,377 shares of Rs.10/- each and Share Premium account to the extent of Rs.1,24,89,490/-.
- 3.4 A Shareholder will get 63.89% Equity Shares against their existing shareholding rounded down to whole number and balance fractional shares shall be transferred to trustee appointed for this purpose. The Scheme provides that all fractional entitlements resulting from the reduction shall be aggregated into whole shares and the number of shares so arising shall be held by a Trustee appointed by the Board, who shall dispose off the said shares in the market at the best available price in one or more lots and the decision of the Trustee in this regard shall be final and binding to all concerned. The Trustee shall hold the net sale proceeds of all such shares after deducting therefrom all costs, charges and expenses of such sale and shall thereafter distribute such sale proceeds to the members of the Company in proportion to their entitlements.
- 3.5 The Scheme also makes provisions for various other matters consequential or related hereto and otherwise integrally connected.
- 3.6 The Scheme does not involve:
- 3.6.1 changes the shareholding pattern of the Company;
- 3.6.2 Diminution of any liability in respect of any unpaid share capital or payment of any paid up share capital to any shareholder;
- 3.6.3 The Capital Reduction only recognises the losses already suffered by the Company. Hence, the Capital Reduction will not cause any prejudice to the creditors (secured or unsecured) of the Company; and



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- 3.6.4 Further, as the Capital Reduction does not involve any payment to the shareholders, the proposed Capital Reduction will not have any impact on the operations of the Company or the ability of the Company to honour its commitment or to pay its debts in the ordinary course of business.

4. Fairness Opinion

On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the Scheme is fair and reasonable.

5. Limitations

- 5.1 Our fairness opinion is based on the information furnished to us being complete and accurate in all material aspects. We have relied upon the information, explanations and representations provided to us by the management of the company without carrying out any audit or other tests to verify their accuracy with limited independent appraisal.
- 5.2 The procedures performed were limited in nature and as such this report may not necessarily disclose all significant matters or reveal errors or irregularities, if any in the underlying information. Furthermore, such procedures do not constitute an audit, examination or review in accordance with generally accepted auditing standards and therefore we do not express an opinion or any other form of assurance on the information presented in our report. We also do not make any representation regarding the sufficiency of procedures performed.
- 5.3 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the company and our work does not constitute any verification of any financial information of the company. Accordingly, we do not express any opinion on the fairness or accuracy of any financial information referred to in this opinion.
- 5.4 Our fairness opinion is not intended to and does not constitute any recommendation to any shareholder of the company as to how such shareholder should vote or act in connection with the scheme or any matter related therein.
- 5.5 Our fairness opinion is not, nor should it be construed as our opinion on/ or certification of compliance of the scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or losses arising therein.
- 5.6 We do not assume any responsibility for updating or revising our fairness opinion based on circumstances or events occurring after the date thereof.
- 5.7 We do not express any opinion on the fair value of the equity shares of the company and/ or the price at which the equity shares of the company may trade at any time, including subsequent to the date of this fairness opinion.



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- 5.8 This fairness opinion has been issued for the sole purpose to facilitate the company's compliance with compliance with regulation 11, regulation 37 & regulation 94 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements: "SEBI") Regulations, 2015 read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated 10th March 2017.
- 5.9 The Conclusions reached by us are dependent upon the above information being complete and accurate in all material respect. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us.
- 5.10 We assume no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable unless otherwise stated.
- 5.11 This opinion has been issued for use by the company only and does not owe any responsibility to any third party.

For Gretex Corporate Services Private Limited
Registration No.: INM000012177

(Authorised Signatory)



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