

M B D & Co LLP

Chartered Accountants

29, 3rd Floor & 43, 5th Floor, Shree Krishna Centre,
Near Mithakhali Circle, Navrangpura,
Ahmedabad - 380009, Gujarat, India
Tel: +91 79 26420070, +91 79 26564175
Fax: +91 79 26563704
Email: mail@mbdandco.com
Website: www.mbdandco.com

October 14, 2017

To,

The Board of Directors

Nila Infrastructures Limited

1st Floor, Sambhaav House,
Opp. Chief Justice's Bungalow,
Bodakdev, Ahmedabad,
Gujarat 380015

The Board of Directors

Parmananday Superstructure Limited

1st Floor, Sambhaav House,
Opp. Chief Justice's Bungalow,
Bodakdev, Ahmedabad,
Gujarat 380015

Subject: Report on share entitlement ratio for proposed demerger of 'Real Estate Undertaking' of Nila Infrastructures Limited into Parmananday Superstructure Limited

Dear Sirs,

We, M/s M B D & Co LLP ("MBD" the "Valuer" or "We"), have been engaged vide engagement letter dated October 12, 2017 to recommend share entitlement ratio for proposed demerger of 'Real Estate Undertaking' of Nila Infrastructures Limited ("Nila Infra" or "the Demerged Company") into Parmananday Superstructure Limited ("PSL" or "the Resultant Company") (jointly referred to as the "Companies") with effect from the appointment date of 1st April 2017 in connection with the proposed Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 ("the Act") between Nila Infra, PSL and their respective shareholders and creditors ("the Scheme" or "this Scheme").

Share entitlement ratio is the number of shares of PSL that a shareholder of Nila Infra would be entitled to in proportion to the existing shareholding in Nila Infra.

SCOPE AND PURPOSE OF ENGAGEMENT

This transaction is proposed under a scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013. As per the scheme, PSL will issue its shares to the shareholders of Nila Infra as a consideration for the demerger.

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This report is subject to the scope limitations, exclusions and disclaimers detailed hereinafter. As the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This report is structured under the following broad heads:

- Background of the Companies
- Sources of Information
- Salient features of the Scheme
- Methodology
- Share Issuance Ratio and Conclusion
- Scope Limitation, Exclusion and Disclaimers

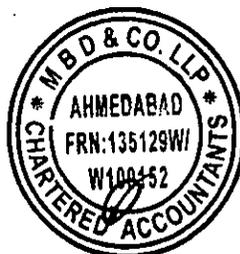
1. Background of the Companies

- 1.1. Nila Infra, a flagship company of Nila Group, is a public limited company incorporated on February 26, 1990 under the Companies Act, 1956. The equity shares of Nila Infra are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").
- 1.2. PSL was incorporated on May 03, 2000 under the provisions of Companies Act, 1956. It is engaged in the real estate and housing. It is a closely held public company. Nila Infra along with its nominees hold 100% of the paid-up equity share capital of PSL.
- 1.3. Nila Infrastructures Limited is one of the very few listed entities of India which is involved into the business of Infrastructure and Real Estate business i.e. primarily Affordable Housing Schemes. It has around three decades of experience in Infrastructure and Real Estate sectors.
- 1.4. Nila Infra is engaged in the business of Infrastructure Development and Real Estate. Nila Infra is carrying on the business of through the business model of EPC Contracts, PPP Contracts, EPC + PPP Contracts etc.
- 1.5. As per the draft scheme and discussion with management of Nila Infra ("the Management"), we understand that upon demerger of Real Estate Undertaking into PSL, share in PSL will be issued to shareholders of Nila Infra such that Nila Infra and PSL will have mirror shareholding upon such issue of shares.

2. Sources of Information

For the purpose of this exercise, we have considered the following sources of information and documents:

- Audited financial statements of Nila Infra and PSL for last three years;
- Unaudited Provisional Statement of Accounts of Nila Infra and PSL as on September, 2017;



- Annual Return of Nila Infra and PSL for the year 2016-17;
- Memorandum and Articles of Association of Nila Infra and PSL;
- Draft Scheme of Arrangement; and
- Held interview and relied on representation of Management
- Carried out such analysis, reviews and inquiries as we considered necessary.

3. Salient features of the proposed Scheme

- 3.1. The Scheme envisages demerger of Nila Infrastructures Limited's Real Estate Undertaking into Parmananday Superstructure Limited.
- 3.2. The Management of both the companies believe that the restructuring would benefit the companies and its stakeholders on account of the following reasons:
- To make the current holding structure more efficient;
 - To streamline its investments;
 - Re-alignment of business operations so that the value for the shareholders can be maximized;
 - Re-alignment of Infrastructure Business and Real Estate Business into different entities will enable the respective companies to pursue different business strategies and raise resources for meeting their respective growth requirements;
 - Creation of separate companies for each business and each companies would attract different set of investors like strategic partners, lenders etc. thereby unlocking value of respective businesses and existing shareholders
 - To further explore the new avenues of other businesses;
 - To have operational flexibility in future
- 3.3. The appointed date of the Scheme shall be April 1st 2017 or such other date as the National Company Law Tribunal, Ahmedabad Bench (the 'NCLT') may direct / fix;
- 3.4. Upon scheme becoming effective, existing shareholding of Nila Infra in PSL shall stand cancelled without any payment;
- 3.5. Upon Scheme becoming effective, present Equity shares of PSL of INR 10 each will be subdivided in to 10 equity shares of INR 1 each.
- 3.6. Upon Scheme becoming effective, name of Parmananday Superstructure limited will be changed to Nila Superstructure Limited without further acts / deeds.



4. Methodology

4.1 For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various alternatives. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e. the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and proper approach for valuing the shares of the company is to use a combination of these methods.

The following methods are generally used for determining the fair value of equity shares:

- A. Market Value;
- B. Profit Earning Capacity Value; and
- C. Asset based valuation techniques

- **Profit Earning Capacity based on the past working results**

Under this method, the value of the company is arrived at by capitalising its future maintainable profits by an appropriate Price Earnings Ratio ("PE Ratio"). Such future maintainable profits are calculated based on the past working results of the company, usually for a period of 3-5 years after adjusting for non-recurring, unusual or abnormal items of income and expenditure. In determining the PE Ratio one may consider share quotations of companies engaged in the same or similar business as the company whose shares are being valued after adjusting for dissimilarities between the companies being compared with the equity shares of the company being valued and the strengths, weakness and other factors peculiar to the equity shares of the company being valued.

- **Asset based valuation techniques**

The asset based valuation technique is based on the value of the underlying net assets of the company, either on a realizable value basis or replacement cost basis. This method is also known as the Net Asset Valuation ("NAV") methodology. Normally, this method is adopted in the following circumstances:

- When the firm does not meet the "going concern" criteria; or
- When the assets base dominate earnings capability



4.2 As mentioned in clause 1.2 and 1.5 of this report, Nila Infra and PSL are a part of same group/entities and upon the proposed restructuring none of stake holders would be adversely affected. Accordingly, the Board of Directors of Nila Infra and PSL have proposed a share exchange ratio for the Scheme having regard to the following factors:

- Desired capital structure; and
- Serviceability of capital.

4.3 We understand that consequent to the demerger, the beneficial economic interest of the shareholders of Nila Infra (the Demerged Company) in the paid-up equity share capital of PSL (the Resulting Company) would be the same as it is in the paid-up equity share capital of Nila Infra (the Demerged Company).

4.4 Considering following aspects:

- PSL is wholly owned subsidiary of Nila Infra;
- Upon the Scheme becoming effective, existing shareholding of Nila Infra in PSL shall stand cancelled without any payment;
- Upon the Scheme becoming effective, present Equity shares of PSL of INR 10 each will be subdivided in to 10 equity shares of INR 1 each.
- Upon the Scheme becoming effective, shareholders of Nila Infra would be entitled to shares in PSL in the same proportion in which they own shares in Nila Infra; and
- Upon the Scheme becoming effective, the beneficial economic interest of the shareholders of Nila Infra in the paid-up equity share capital of PSL would be the same as it is in the paid-up equity share capital of Nila Infra, the determination of swap ratio would not have any economic impact on the ultimate value of the shareholders of Nila Infra and the proposed demerger of Demerged Business of Nila Infra into PSL will be value neutral to Nila Infra's shareholders.

We believe that the above share entitlement ratio is fair considering that all the shareholders of Nila Infra are and will, upon demerger, be the ultimate beneficial owners of the PSL and in the same ratio (inter se) as they hold shares in Nila Infra, as on the record date to be decided by management of Nila Infra.

4.5 We have been informed by the Management that the consideration would be discharged by:

"1 (One) fully paid Equity Share of INR 1 each of PSL shall be issued and allotted for 1 (One) fully paid-up Equity Shares of INR 1 held in Nila Infra"



Having regard to the above factors and on the basis of the representations made by the Management, in our view, the same can be considered to be fair.

5. Share Issuance Ratio and Conclusion

Based on the aforesaid, in particular read with paragraph 3, 4.3, 4.4 and 4.5 above and the Scope Limitation below, and considering that all shareholders of Nila Infra are and will, upon demerger, become shareholders of PSL holding beneficial economic interest in the same proportion as they hold in Nila Infra, the following proposed share entitlement ratio is fair and reasonable to the shareholders of Nila Infra in relation to the demerger-

"1 (One) fully paid Equity Share of INR 1 each of PSL shall be issued and allotted for 1 (One) fully paid Equity Shares of INR 1 held in Nila Infra."

6. Scope Limitation, Exclusion and Disclaimers

- 6.1 We have relied upon the information, data, explanation and representations given to us by the Management including financial information, significant transactions and events occurring subsequent to the balance sheet date. We have assumed such representations to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects.
- 6.2 We have not carried out a due diligence or audit of Transaction Undertaking or Nila Infra for the purpose of opining on the share entitlement ratio nor have we independently investigated or otherwise verified the data provided. Our work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that we have conducted procedures, audits or investigations in an attempt to verify or confirm any of the information supplied to us.
- 6.3 This share entitlement ratio is essentially based on the information provided by the Management for which Nila Infra accepts full responsibility. Our review and analysis have been limited to the above mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by Nila Infra should not be constructed as expression of our opinion on it and we do not and will not accept any responsibility or liability for any inaccuracy in it.



- 6.4 The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single share entitlement ratio. While we have provided our opinion of the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the same.
- 6.5 The decision to proceed on the demerger as well as acceptance of the final Share Entitlement Ratio depends on Nila Infra, which will be responsible for decisions associated with determination of the Share Entitlement Ratio and the factors other than our work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.
- 6.6 We further assume that the Management of the companies has brought to our attention all material transactions, events or any other factors having an impact on the valuations and hence the Share Issuance Ratio.

This report has been prepared for the Management of Nila Infra and PSL solely for the purpose of the proposed restructuring envisaging the demerger of Nila Infra's Real Estate Business into PSL. This report should not be used for any other purpose.

Yours faithfully,

For M B D & Co LLP

Chartered Accountant

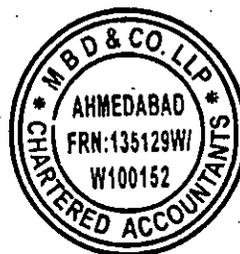
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D. R. Desai

Deval Desai

Partner

Membership No. 132426



Place: Ahmedabad

Date: 14th October, 2017

Annexure to the Report on share entitlement ratio for proposed demerger of 'Real Estate Undertaking' of Nila Infrastructures Limited into Parmananday Superstructure Limited

With reference to Para 5- Share Issuance Ratio and Conclusion

Computation of Fair Share Exchange Ratio:

Consequent to proposed demerger the economic beneficial interest of the shareholder of Nila Infrastructures Limited (Nila infra) shall remain the same.

In light of the above a fair valuation of equity share of Nila Infra or Parmananday Superstructure Limited (PSL) have not been carried out.

Valuation Approach	Nila Infrastructures Limited		Parmananday Superstructure Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	N.A.	N.A.	N.A.	N.A.
Income Approach	N.A.	N.A.	N.A.	N.A.
Market Approach	N.A.	N.A.	N.A.	N.A.
Relative Value per Share	N.A.		N.A.	
Exchange Ratio (rounded off)			N.A.	

Based on the particular read with paragraph 3, 4.3, 4.4 and 4.5 of the report and the Scope Limitation as per para 6 of report, and considering that all shareholders of Nila Infra are and will, upon demerger, become shareholders of PSL holding beneficial economic interest in the same proportion as they hold in Nila Infra, the following proposed share entitlement ratio is fair and reasonable to the shareholders of Nila Infra in relation to the demerger-

"1 (One) fully paid Equity Share of INR 1 each of PSL shall be issued and allotted for 1 (One) fully paid Equity Shares of INR 1 held in Nila Infra."

For M B D & Co LLP
Chartered Accountant
Firm Registration No: 135129W/W100152

D. R. Desai

Deval Desai
Partner
Membership No. 132426



Place: Ahmedabad
Date: 14th October, 2017