

# **FAIRNESS OPINION REPORT**

**on**

**Share Entitlement Ratio  
Of  
MAC CHARLES (INDIA) LIMITED  
("Demerged Company")  
AND  
EMBASSY PRISM VENTURES LIMITED  
("Resulting Company")**



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The Board of Directors  
**MAC Charles (India) Limited**  
1st Floor Embassy Point  
150 Infantry Road,  
Bangalore,  
Karnataka, India - 560001

The Board of Directors  
**Embassy Prism Ventures Limited**  
1st Floor Embassy Point  
150 Infantry Road,  
Bangalore,  
Karnataka, India - 560001

Dear Sirs,

**Fairness Opinion on Share Entitlement Ratio for the proposed Scheme of Arrangement for Demerger of Mac Charles (India) Limited (Demerged Company) and Embassy Prism Ventures Limited (Resulting Company)**

We refer to our Engagement as Merchant Banker have been appointed by **MAC CHARLES (INDIA) LIMITED** ("MCIL" or the "**Company**") to provide our fairness opinion on the share entitlement ratio for the proposed demerger.

In terms of our engagement, we are enclosing our opinion alongwith this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and it should not be used, reproduced or circulated to any other person in whole or in part without the prior consent of Corpwis Advisors Private Limited. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges or any other concern regulatory authorities

Yours faithfully,  
For **Corpwis Advisors Private Limited**

*Shilpa Kamadia*



**Authorised Signatory**

**September 13, 2024**  
**Mumbai**

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## Valuation Analysis

We refer to our Engagement dated July 10, 2024 as Merchant Banker have been appointed by **MAC CHARLES (INDIA) LIMITED** ("MCIL" or the "Company") to provide our fairness opinion on the share entitlement ratio for the proposed demerger. In the following paragraphs, we have summarized our Analysis (the "Analysis") of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

### 1 Context and Purpose

Mac Charles (India) Limited (Demerged Company) and Embassy Prism Ventures Limited (Resulting Company), seeks fairness opinion for the proposed Scheme of Arrangement for Demerger as per Sec 230 to 232 and other the relevant provisions of the Companies Act, 2013 along with relevant rules, as applicable. The Demerged Company and the Resulting Company are herein after referred to as the "Companies".

The Companies have appointed us to issue fairness opinion report for the proposed scheme in terms of the SEBI Master Circular and applicable SEBI Regulations. We are issuing this fairness opinion ("Fairness Opinion") in the capacity of Independent Merchant Banker based on the valuation report dated 13<sup>th</sup> September'2024 containing recommendation of fair share entitlement ratio for the proposed scheme {"Valuation Report"}, issued by SSPA & Co., a registered valuer (Securities and Financial Assets), with Registration No. IBBI/RV/06/2018/10092.

### 2 Conditions and major assumptions

#### Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at opinion conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the financial statements and express no assurance on them.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this fairness opinion are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to require to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

### **Assumptions**

The opinion of share entitlement ratio given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry.

We have been informed by the management that there are no Significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

## **3 Background of the Company**

### **1. MAC CHARLES (INDIA) LIMITED ("MCIL or Demerged Company")**

MCIL is a Public company limited by shares, having CIN: L55101KA1979PLC003620 incorporated on 28<sup>th</sup> September, 1979 and having registered office address at 1st Floor Embassy Point 150 Infantry Road, Bangalore, Karnataka, India, 560001. It is classified as Non-government company and is registered at Registrar of Companies, Bangalore. Its authorized share capital is Rs. 20,00,00,000 and its paid-up capital is Rs. 13,10,10,520.



**About MCIL**

The Company is engaged in the business of involving *inter alia*, residential real estate development, generation of power through operation of windmills, commercial real estate activity involving development as well as operation and management of commercial office assets, identifying and making strategic investments, including the formation of subsidiaries for undertaking the stated business activities through them,. The equity shares of the Company are listed on Bombay Stock Exchange Limited (“BSE”).

**DEMERGED UNDERTAKING OF MCIL**

‘Demerged Undertaking’ means, the undertaking, business activities, rights and the entire ownership and economic interests of the Demerged Company in the commercial real estate business consisting of planning, developing, leasing (including client/tenant management activity) and maintenance of commercial office space which comprises certain identified real estate assets and the identified liabilities attributable to the Demerged Undertaking as detailed in the Draft Scheme of Arrangement.

**Board of Directors:**

DIN	Name of the Director	Designation
00215646	Appiah Palecanda Bopanna	Director
06480521	Aditya Virwani	Director
NA	Richa Saxena	Company Secretary
06641106	Tanya John	Director
00055416	Pandithacholanallur Ramakrishnan Rajagopalan	Director
NA	Ankit Shah	CFO
02533658	Srinivasarao Nagabhushana Rao Nagendra	Additional Director
00179886	Bijoy Kumar Das	Director
10198737	Harish Anand	Whole-Time Director

**2. EMBASSY PRISM VENTURES LIMITED (EPVL or Resulting Company)**

EPVL is a Public company limited by shares, having CIN: U70109KA2020PTC138875 incorporated on 22nd September, 2020 and having registered office address at 1st Floor Embassy Point 150 Infantry Road, Bangalore, Karnataka, India, 560001. It is classified as Non-government company and is registered at Registrar of Companies, Bangalore. Its authorized share capital is Rs. 1,00,000 and its paid-up capital is Rs. 1,00,000.



### About EPVL

The Company is set-up for the purpose of carrying on the business of real estate development *inter alia* for the business of leasing commercial real estate properties. EPVL is proposed to be a wholly owned subsidiary of Mac Charles (India) Limited (MCIL).

### Board of Directors:

DIN	Name of the Director	Designation
00036772	VIJAYAKUMAR DHARMALINGAM	Director
07984647	SHAIENDRA KONANUR SUBBARAYA	Director
09435132	PRASAD ADAVAYYA TURAMARI	Director

## 4 Opinion Premise

The premise of our opinion on the valuation/ share entitlement for our analysis is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Companies.

## 5 Opinion Date

The opinion date is as at 30<sup>th</sup> June, 2024 for the purpose of calculation of fair entitlement ratio for the purpose of the Draft Scheme of Arrangement between the Demerged Company and the Resulting Company.

## 6 Sources of Information

The sources of information include:

- Draft Scheme of Arrangement under Section 230-232 and other applicable provisions of the Companies Act, 2013 with regard to the proposed scheme.
- Valuation Report dated 13<sup>th</sup> September'2024 for the proposed scheme issued by SSPA & Co., a Registered Valuer, Securities and Financial Assets.
- Copy of Memorandum and Articles of Association of MCIL and EPVL.
- Details of Shareholding and numbers of fully diluted Equity Shares as on valuation date for both the companies.
- Audited financial statements of MCIL for the year ended 31st March'2024.
- Quarterly Financials as disclosed to the Stock Exchange of MCIL as on June 30, 2024.
- Discussions with the Management / representative of the Company.
- All Company specific information were sourced from the management of the Company, either in the written hard copy or digital form.

- Other information / data available in public domain.

Further, we have also obtained such other information and explanations from the Company as were considered relevant for the purpose of the valuation. It may be mentioned that the Management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

## 7 Caveats

We wish to emphasise that we have relied on explanations and information provided by the respective management and other publicly available information. Although, we have reviewed search data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.

We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what is provided to us by the Demerged company and the Resulting company.

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 notated in this Scheme which might be relevant in the context of the transaction and which is wider scope might uncover.

We have no present or planned future interest in the Demerged company and the Resulting company and the fee payable for this opinion is not contingent upon the opinion reported herein.

## 8 Distribution of Report

The Analysis is confidential and has been prepared exclusively for EPVL and MCIL. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared with the investor / buyers of the Company / submission to government authorities and regulators towards statutory compliances.

## 9 Opinion on Share Entitlement Ratio

On the basis of the Draft Scheme of Arrangement, the Share Entitlement Ratio has been arrived at and accordingly, the Resulting Company shall, without any further act or deed and without any further payment, issue and allot Redeemable Preference Shares on a proportionate basis to each member of the Demerged Company, whose name is recorded in the register of members/List of



Beneficial Owners on the Record Date to be fixed by the Board of Directors of the Demerged Company and the Resulting Company.

As part of an overall strategy for the optimum running, growth and development of the businesses of the Demerged Company, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by demerging its real estate business for the Demerged Undertaking to the Resulting Company on a going concern basis.

This will result in the creation of two separate robust entities viz., the Resulting Company focussing exclusively on the Demerged Undertaking and the Demerged Company shall continue with the other verticals.

The proposed hive-off is proposed to be undertaken through a Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013.

We have also considered the rationale for the proposed demerger as laid down in the draft Scheme of Arrangement, which are as follows:

- (i) *The arrangement would result in an efficient corporate structure with a focused management, and it would be strategically apt to segregate the business to enable them to move forward independently, with greater focus and specialization building further on their respective capabilities.*
- (ii) *Segregating and separating the Demerged Undertaking would help in attracting the relevant set of investors with matching risk and investment profile of the Demerged Undertaking which would unlock better valuation of the Demerged Undertaking.*
- (iii) *Dedicated management focus, streamlining of operations, cost optimization and operational efficiencies through the effective and efficient utilization of financial resources, managerial talents and technical skills, thereby protecting and maximizing the value and returns to the shareholders.*
- (iv) *Enable the Resulting Company to raise secured and unsecured funding from investors for the Demerged Undertaking in an insulated legal entity to secure their investments.*
- (v) *The Demerged Company is into multiple business involving inter alia, residential real estate development, generation of power through operation of windmills, commercial real estate activity involving development as well as operation and management of commercial office assets, identifying and making strategic investments, including the formation of subsidiaries for undertaking the stated business activities through them, etc. The Demerged Undertaking is purely focused on development, operations and management (including maintenance) of commercial office space and accordingly, the differing financial needs and strategic imperatives can be better addressed by the separation of the Demerged Undertaking from the Demerged Company into the Resulting Company, which is a wholly owned subsidiary of the Demerged Company.*

- (vi) *The Scheme ensures that, while the overall value of the Demerged Company and Resulting Company is enhanced through the segregation of Demerged Undertaking, the stakeholders benefit from a single consolidated value from their shareholding in the Demerged Company which also captures within its existing equity shares, the value of the Resulting Company by virtue of it being a wholly owned subsidiary of the Demerged Company, even post the proposed Demerger.*
- (vii) *Transfer of the Demerged Undertaking through a Scheme of Arrangement enables the Demerged Company to also subsidiarize the listed Non-Convertible Debentures issued by the Demerged Company in relation to the Demerged Undertaking.*
- (viii) *The Resulting Company shall issue RPS (herein defined) to the shareholders/ members of the Demerged Company and such RPS shall mirror the equity shareholding pattern of the Demerged Company in the Resulting Company, which is aligned with a tax-compliant demerger under Section 2(19AA) of the Income-tax Act, 1961. Further, given the Demerged Company shall continue to hold the entire equity share capital of the Resulting Company, the entire enhanced equity value of the Demerged Undertaking shall, post demerger, accrue to the Demerged Company and thereby reflecting in the value of its own shares held by the shareholders/ members of the Demerged Company.*
- (ix) *The Scheme for Demerger is proposed to be adopted for subsidiarizing the Demerged Undertaking which ensures that the Demerged Company and the Resulting Company follow the highest level of compliance and corporate governance by seeking approvals from the relevant Stock Exchanges, SEBI (herein defined), NCLT (herein defined), and other Governmental Authorities (herein defined) and stakeholders, as opposed to any other modes of transfer as specified under Regulation 37A of LODR (herein defined).*
- (x) *Further, the Scheme is not detrimental to the interest of any of the shareholders (including public), creditors, lenders and other stakeholders concerned.*

The proposed restructuring is in the interest of the shareholders, creditors, employees, and other stakeholders of the parties. In a mirror demerger, the resulting company may issue nominal shares to the shareholders of the demerged company in the same proportion (inter-se) in which such shareholders hold the demerged company, or the resulting company may also issue the same number of shares that the shareholders hold in the demerged company

The proposed transaction contemplates demerger of Demerged Undertaking and transfer to EPVL, its proposed wholly owned subsidiary, pursuant to the scheme. As a consideration for the transfer of the Demerged Undertaking, EPVL shall issue its Redeemable Preference Shares to the equity shareholders of the Demerged Company.

On completion of the proposed demerger and the issue of Redeemable Preference Shares of the Demerged Undertaking by the Demerged Company into the Resulting Company, the existing

shareholders of the Demerged Company (including public shareholders) shall hold equity shares of the Demerged Company and the Redeemable Preference Shares of the Resulting Company. Further, given that the entire equity share capital of the Resulting Company is continued to be held by the Demerged Company, the entire value of the Demerged Undertaking shall be captured by way of Redeemable Preference Shares of the Resulting Company and through the equity shares held in the Demerged Company and accordingly, in our considered opinion, there is no value loss to any of the shareholders of the Companies and accordingly, the share entitlement ratio proposed in the Scheme of Arrangement is reasonable and fair.

Post demerger, the existing equity shareholders shall derive value from their existing investments in the equity shares of the Demerged Company and the RPS proposed to be issued of the Resulting Company and the ultimate value of the Demerged Undertaking and the Demerged Company shall be captured within the said instruments in the percentage in which such shareholders held the Demerged Company.

Further, the Scheme does not envisage any dilution of the shareholding of the members of the Demerged Company (including the public shareholders). No shareholder shall be unduly affected due to the proposed Demerger.

Due to the aforesaid reasons, the share entitlement ratio would have no bearing on the value of the Demerged Company and the Resulting Company (collectively) from the view point of the equity shareholders of the Demerged Company given that the ultimate value accrual shall either be through the direct holding of the Redeemable Preference Shares in the Resulting Company or through their indirect holding of the equity shares of the Resulting Company (through the Demerged Company).

On the basis of the foregoing, any share entitlement ratio can be considered for the above demerger as the proportionate shareholding of any shareholder, would not vary. Considering the desired capital structure of the Resulting Company, the management has proposed a share entitlement ratio of "1 (One) fully paid-up Redeemable Preference Shares of face value of [Rs. 10/- (Rupees Ten only)] each of the Resulting Company shall be issued and allotted as fully paid-up for each Equity Share of face value of Rs. 10/- (Rupees Ten only) each fully paid-up held in the Demerged Company." which has also been recommended by SSPA & Co., registered valuers, in their report dated 13<sup>th</sup> September'2024 recommending the share entitlement ratio for the proposed demerger.



Based on our exercise, the Share Entitlement Ratio as at 30<sup>th</sup> June'2024 is as under:

*1 (one) redeemable preference share of INR 10 (ten) each fully paid up of EPVL for every 1 (one) equity share of INR 10 (ten) each fully paid up held in MCIL*

BSE Circular No. LIST/COMP/02/2017-18 dated May 29, 2017 and NSE Circular No. NSE/CML/2017/12 dated June 1, 2017 requires a valuation report to disclose certain information in the specified format, which is given below:

Valuation Approach	Demerged Company (MCIL)		Resulting Company (EPVPL)	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
<i>Value per share</i>	NA		NA	

Given that the share entitlement ratio for the proposed demerger is recommended on a 'mirror demerger basis' the aforementioned valuation metrics are not applicable.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully,  
For Corpwis Advisors Private Limited

*Shilpa Kanadia*



Authorised Signatory

September 13, 2024  
Mumbai