

PRECIOUS TRADING AND INVESTMENTS LIMITED

Registered Office : Ground and 3rd Floor, Prius Infinity, Paranjape B Scheme, Subhash Road, Vile Parle (West), Mumbai - 400057
CIN : L51900MH1983PLC029176 Email : cs@ptil.co.in Website : www.ptil.co.in Tel : 022-42602400 Fax : 02242933533

REPORT OF THE AUDIT COMMITTEE OF PRECIOUS TRADING AND INVESTMENTS LIMITED BEARING CIN L51900MH1983PLC029176 RECOMMENDING THE DRAFT SCHEME OF MERGER OF PRECIOUS TRADING AND INVESTMENTS LIMITED WITH SHETH DEVELOPERS PRIVATE LIMITED AT THE MEETING OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON 17TH SEPTEMBER, 2019 AT THE REGISTERED OFFICE OF THE COMPANY.

Members Present Physically:

Mr. Sharad Doshi
Mr. Ashwin N. Sheth
Ms. Daksha Pandya

In Attendance:

Mr. Chintan Sheth, Chief Financial Officer
Mr. Ankush Bhoir, Company Secretary

1. Background

The Company has placed before the Audit Committee, draft Scheme of Merger ("Scheme") of Precious Trading and Investments Limited ("Company /Transferor Company") with Sheth Developers Private Limited ("Transferee Company") under the provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013 read with relevant rules framed there under for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended from time to time) (Circular"), applicable provisions of the Companies Act, 2013 (including relevant rules and regulations) and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This report is made in order to comply with the requirements of the Circular after considering the following :-

- (a) Draft Scheme, duly initialed by Company Secretary of the Company for the purpose of identification;
- (b) Audited financial statements of Sheth Developers Private Limited for the year ending March 31, 2019, March 31, 2018 and March 31, 2017;
- (c) Valuation Report dated 7th September, 2019 of Paras K. Savla, Registered Valuer (Reg. No. IBBI/RV/06/2018/10102) providing the share exchange ratio for the



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merger of the Company with Sheth Developers Private Limited under the Scheme;

- (d) Fairness opinion dated 10th September, 2019, issued by Arihant Capital Markets Limited, Merchant Banker, having SEBI Registration No. INM 000011070 providing the fairness opinion on the share exchange ratio recommended by Paras K. Savla, Registered Valuer as referred above, in connection with merger of the Company with Sheth Developers Private Limited under the Scheme; and
- (e) Certificate obtained from the Statutory Auditors of the Company i.e. S. M. Gupta & Co., Chartered Accountants, having Firm Registration No. 310015E confirming that the Scheme is in compliance with the applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted accounting principles.

2. Proposed Scheme of Amalgamation and Arrangement

The Audit Committee considered and observed the following in relation to the Scheme.

The salient features of the Scheme are :

- a) issuance of 1231 unlisted, 10% redeemable, cumulative, non-participating and non-convertible preference shares of Transferee Company of Rs. 10/- each fully paid up for one equity share of the Transferor Company of Rs. 10/- each fully paid up"
- b) All assets, rights and liabilities of the Transferor Company shall become the assets, rights and liabilities of the Transferee Company.
- c) Upon the scheme coming into effect, dissolution of the Transferor Company without winding up;
- d) the appointed date for the scheme is 1st April, 2019 or such other date as may be fixed by NCLT;

The rationale for the scheme :

- a) The Company has been a loss-making entity and the Company's revenue for the year ending 31 March 2019 has been nil.
- b) Since the year 2001, no business activity has been undertaken by the Company and also no trading activity has been undertaken on BSE by any of the



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Shareholders of the Transferor Company. The Shareholders of the Company have not really enjoyed the benefit of listing in particular, they have not enjoyed any liquidity in respect of their shareholding nor have they enjoyed any significant appreciation in value of their shares.

- c) The scheme would help by reducing an unnecessary layer and thereby improving transparency.
- d) By the merger of the Company with the Sheth Developers Private Limited the company is unlocking the value of the shares for its shareholders and the issue of Cumulative Redeemable Preference shares of Sheth Developers Private Limited will create enhanced value for shareholders and allow a focused growth strategy which would be in the best interests of all the stakeholders.

The Audit Committee has further noted the following:

The Fairness Opinion provided by Arihant Capital Markets Limited, Merchant Banker confirms that the share exchange ratio provided in the Valuation Report obtained from Paras K. Savla,, Registered Valuer is fair to the Company, and their respective shareholders.

The statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable accounting standards notified under Companies Act, 2013 and other generally accepted accounting principles.

3. Recommendation of the Audit Committee

After taking into account the Valuation Report, Fairness Opinion, Statutory Auditors' Certificate on accounting treatment and aforesaid points, the Audit Committee recommends the draft Scheme to the Board of Directors for its approval and for due consideration and approval by the stock exchange(s), Securities and Exchange Board of India and other regulatory authorities.

For Precious Trading and Investments Limited



Audit Committee Chairman

Date: 17th September, 2019

Place: Mumbai