



# Chartered Capital And Investment Ltd.

418-C, "215 ATRIUM", Andheri Kurla Road, Andheri (East), Mumbai-400 093.  
Tel.: 91-22-6692 4111 / 6222 • Website : www.charteredcapital.net

**Date:** Thursday, October 20, 2022

To,  
**The Board of Directors,  
Pioneer Embroideries Limited.**  
Unit 101B, 1st floor, Abhishek Premises, Plot no.  
C5-6, Dalia Ind. Est., Off. New Link Road, Andheri  
(W), Mumbai - 400058

To,  
**The Board of Directors,  
Pioneer Realty Limited.**  
Unit 101B, 1st floor, Abhishek Premises, Plot no.  
C5-6, Dalia Ind. Est., Off. New Link Road, Andheri  
(W), Mumbai - 400058

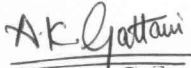
Dear Sir,

**Sub: Fairness Opinion on Valuation Report.**

With reference to the captioned subject, please find enclosed herewith Fairness Opinion on Valuation Report in respect of Proposed Scheme of Arrangement between Pioneer Embroideries Limited and Pioneer Realty Limited.

Please take in on your record.

**For Chartered Capital and Investment Limited**

  
**Amitkumar Gattani**  
Assistant Vice President



Encl: a/a



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(W), Mumbai - 400058

Dear Sirs,

**Subject: Fairness Opinion on Share Entitlement Ratio Report for the proposed demerger of Embroidery & Bobbin Lace Undertaking ('Demerged Undertaking') of Pioneer Embroideries Limited ('PEL or 'Demerged Company') into Pioneer Realty Limited ('PRL or 'Resulting Company').**

## **I. BACKGROUND**

We M/s. Chartered Capital and Investment Limited (*'Chartered Capital'* or *'CCIL'*), SEBI registered Merchant Banker, having SEBI Permanent Registration No. INM000004018 have been appointed by the Pioneer Embroideries Limited (*'PEL or 'Demerged Company'*) and Pioneer Realty Limited (*'PRL' or 'Resulting Company'*) to provide a fairness opinion on the Share Entitlement Ratio Report by M/s. Nishant Soni and Associates, Chartered Accountants (Registered Valuer) having their office at 122, Nahar and Seth Estate, Cardinal Gracious Road, Chakala, Andheri E Mumbai – 400099, who were appointed for issuing report on the Share Entitlement Ratio of equity shares of the Resulting Company to be issued to the shareholders of the Demerged Company in connection with the proposed demerger of Embroidery & Bobbin Lace Undertaking (*'Demerged Undertaking'*) of Pioneer Embroideries Limited in the proposed Scheme of Arrangement between Pioneer Embroideries Limited and Pioneer Realty Limited, under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 hereinafter referred to as *'the Proposed Scheme'* or *'the Scheme'* or *'the Scheme of Arrangement'*.

The fairness opinion has been issued for the proposed demerger of Embroidery & Bobbin Lace Undertaking of Pioneer Embroideries Limited into Pioneer Realty Limited pursuant to the requirement and in compliance with SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 read with SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021.



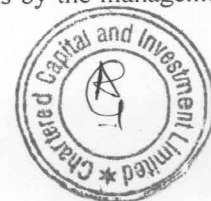


## II. COMPANIES THAT ARE PARTY TO THE PROPOSED SCHEME

- 2.1 Pioneer Embroideries Limited (“**PEL**” or “**Demerged Company**”) is a listed public limited company incorporated on October 25, 1991 under the Companies Act, 1956 bearing CIN - L17291MH1991PLC063752 and its registered office is situated at Unit 101B, 1st floor, Abhishek Premises, Plot no. C5-6, Dalia Ind. Est., Off. New Link Road, Andheri (W), Mumbai - 400058. Equity shares of PEL are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) in India.
- 2.2 PEL is engaged in the business of manufacturing of Embroidery & Bobbin Lace (ELD) and Specialized Polyester Filament Yarn (SPFY) and has manufacturing facilities at Sarigum, Naroli, Coimbatore and Himachal Pradesh. Pursuant to the Scheme PEL has envisaged to demerge ELD business into Pioneer Realty Limited, its 100% Subsidiary.
- 2.3 Pioneer Realty Limited (“**PRL**” or “**Resulting Company**”) is an unlisted public company incorporated on March 29, 2007 under the Companies Act, 1956 bearing CIN - U17100MH2007PLC169361 and its registered office is situated at Unit 101B, 1st floor, Abhishek Premises, Plot no. C5-6, Dalia Ind. Est., Off. New Link Road, Andheri (W), Mumbai - 400058.
- 2.4 PRL is formed with an objective of carrying out real estate related activities with own or leased property. It does not have significant operations and had no revenue since last 3 years. It also intends to carry on ELD Business and hence it has modified its Main Object Clause vide revised certificate of incorporation dated 1st August, 2022. (Source: Draft Scheme of Arrangement between PEL and PRL)
- 2.5 As on date, PRL is a wholly owned subsidiary of PEL as the entire paid up equity share capital is held by PEL and its nominees.

## III. INFORMATION RECEIVED AND RELIED UPON BY US FOR THE FAIRNESS OPINION

- 3.1 We, CCIL, have prepared the **Fairness Opinion** on the basis of the following information received from the management of the Companies:
- Certified copies Certificate of Incorporation (CoI), Memorandum of Association (MoA) and Articles of Association (AoA) of PEL and PRL;
  - Draft Scheme of Arrangement between PEL and PRL and their respective shareholders and creditors under section 230-232 read with section 66 of the Companies Act, 2013 and other applicable provisions of Companies Act, Rules and Regulations;
  - Report on Share Entitlement Ratio given by M/s. Nishant Soni and Associates, Chartered Accountants (Registered Valuer) dated October 20, 2022;
  - Audited financial statements of the PEL and PRL as on March 31, 2022;
  - Current Shareholding pattern of PEL and PRL;
  - Such other information and explanations that have been provided to us by the management of PEL and PRL;





g) Relevant Information in public domain.

3.2 This Report is issued on the understanding that PEL and PRL has drawn our attention to all the relevant matters, of which they were aware of, concerning the respective company's financial position and businesses, which may have an impact on this Report.

3.3 Our work does not constitute an audit or certification of the historical financial statements of PEL and PRL, including their working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this Report. We assume no responsibility for any errors in the information submitted by the Managements and their impact on the present exercise.

#### IV. DISCLAIMER

4.1 We have not considered any finding made by other external agencies in carrying out this work.

4.2 This report is intended solely for the limited purpose mentioned earlier and should not be regarded as a recommendation to the investors to invest in Pioneer Embroideries Limited and Pioneer Realty Limited or deal in any form in the securities of the Companies and should also not be considered as a final equity value of the Companies.

4.3 Our report does not, in any way, guarantee that the equity shares of Companies will continue to remain at the price on which the valuation of the shares takes place.

4.4 Our report is for the benefit of and confidential use by the Companies. This report is not meant for save and except as specified above, under any Indian or foreign law, statute, act guideline or similar instruction. The Companies are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report.

4.5 We have not made an appraisal or independent valuation of any of the assets or liabilities of any of the Companies and have not conducted an audit or due diligence or reviewed/ validated the financial data except what is provided for in the Valuation Report and financial data provided to us by the Company or Valuer.

4.6 This Certificate may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same.

4.7 During the course of our work, we have relied upon assumptions made by management of the companies. These assumptions require the exercise of judgement and are subject to uncertainties.

4.8 In no circumstances whatsoever, will Chartered Capital and Investment Limited, its Directors and employees, accept any responsibility of liability towards any third party for consequences arising out of the use of this report.





V. **OPINION ON SHARE ENTITLEMENT RATIO REPORT**

The proposed demerger of Embroidery & Bobbin Lace Undertaking of PEL into PRL will be value neutral to the equity shareholders of PEL, there will be no impact on the economic and beneficial interest of the equity shareholders of PEL and it would not have any impact on the ultimate value of the equity shareholders of PEL. Based on the information, material, data made available to us, including the Share Entitlement Ratio Report, to best of our knowledge and belief, Share Entitlement Ratio suggested by M/s. Nishant Soni and Associates, Chartered Accountants (Registered Valuer) under the Scheme, i.e.


**“4 (Four) fully paid equity share of Face Value INR 10 (Rupees Ten) each of PRL is to be issued for every 10 (Ten) fully paid equity shares of Face Value INR 10 (Rupees Ten) each held by an Eligible Member in PEL is Fair.”**

Thanking you,

Yours faithfully,

For and on behalf of,

**For Chartered Capital and Investment Limited**

  
Amitkumar Gattani  
Assistant Vice President

