

REPORT OF THE INDEPENDENT DIRECTORS OF PARSHVA ENTERPRISES LIMITED DATED 14TH MAY, 2024 RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN PARSHVA ENTERPRISES LIMITED AND SIMANDHAR IMPEX LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

The Committee of Independent Directors by way of a circular resolution dated 14th May, 2024, approved and adopted the report of the ID Committee (defined below) in relation to the Scheme (defined below).

The following Independent Directors consented to the passing of the circular resolution:

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|---------------------|---------------|
| 1) Ms. Mamta Patel | : Chairperson |
| 2) Mr. Tejas Shah | : Member |
| 3) Ms. Meghna Savla | : Member |

Background

1. A circular resolution was passed by the Committee of Independent Directors ("ID Committee") on 14th May, 2024, *inter alia*, to consider and if thought fit, recommend to the Board of Directors (the "Board") of Parshva Enterprises Limited (the "Company"), the proposed Scheme of Arrangement between the Company and Simandhar Impex Limited, a wholly owned subsidiary of the Company (Resulting Company) for the demerger of the "Jewellery" undertakings of the Company and transfer of such demerged undertakings to the Resulting Company in the manner set out under Sections 230-232 of the Companies Act 2013, as amended (the "Act") and other applicable provisions of the Act between the Company and its members (the "Scheme").
2. The Scheme *inter-alia* provides for the following:
 - i. Demerger of the 'Jewellery Business' (elaborated in the Scheme) of Parshva Enterprises Limited into Simandhar Impex Limited on a going concern basis;
 - ii. Cancellation and reduction of entire existing paid up equity share capital of Simandhar Impex Limited (Resulting Company) held by Parshva Enterprises Limited (Demerged Company) and their nominees.
3. The draft Scheme will be presented to the jurisdictional National Company Law Tribunal under Section 230 of the Act, the rules and regulations made thereunder and will be in compliance with the Securities and Exchange Board of India master circular dated November 23, 2021 bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 ("SEBI Master Circular").

Requirement of SEBI Master Circular

4. The ID Committee noted that in terms of the SEBI Master Circular, the ID Committee of a listed company is required to recommend the draft Scheme to the Board, after taking into consideration *inter alia*, that the Scheme is not detrimental to the shareholders of the listed entity and any other matters specified in the SEBI Master Circular.
5. This Report of the ID Committee is made in order to comply with the requirements of the SEBI Listing Obligations and Disclosure Requirements ("SEBI Regulations") and the SEBI Master Circular.

Documents placed before ID Committee

6. This report of the ID Committee is being issued in compliance with the SEBI Master Circular. The ID Committee has made this report after perusing the following documents.
- Draft Scheme, initialed by the Chairman of the Company, for the purpose of identification;
 - Draft Certificate issued by Bohara Shah & Co., Chartered Accountants, the Statutory Auditors of the Company to the effect of accounting treatment contained in the Scheme is in compliance with all the accounting standards specified by the Central Government under Section 133 and other applicable provisions of the Act or the accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and other generally accepted accounting principles; (**'Auditors Certificate'**).
 - Draft Valuation Report dated May 14th, 2024 issued by Rajul Iyer, Chartered Accountants (**'Valuation Report'**);
 - Draft form of the Fairness Opinion issued by Navigant Corporate Advisors Limited Category- I SEBI Merchant Banker on the valuation done on May 14th, 2024, Chartered Accountants (**'Fairness Opinion'**).
 - Audited Financial Statements of the Company for last 3 years i.e. 2021-22; 2022-23 and 2023-24;

Need for and rationale of the Scheme

7. The ID Committee noted that the proposed Scheme would be in the best interests of the Company, the Resulting Company and their respective shareholders and creditors as the proposed demerger will yield advantages of increased business synergies and unlocking of shareholder value, in the manner set out below;
- Segregation of business of the Jewellery division of the Demerged Company into Resulting Company in a manner provided in this scheme resulting into enhanced strategic flexibility to build a viable platform solely focusing on each of the business;
 - Allowing management of each company to pursue independent growth strategies and unlock significant value for shareholders;
 - Allow in creating the ability to achieve valuation based on respective risk-return profile and cash flow, attracting right investors and thus enhancing flexibility in accessing capital;
 - Provide scope of separate companies for independent collaboration and expansion including expanding potential Clients/Customer market for each business;
 - Simandhar Impex Limited will acquire the Jewellery Division on going concern basis from Parshva Enterprises Limited. Parshva Enterprises Limited will focus on other commercial activities/businesses. The demerger will ensure focused management attention and resources and skill set allocation.
 - The nature of Technology, Risk, Competition and capital intensity involved in each of the Undertakings of the Demerged Company is distinct from each other. Consequently, each Undertaking of the Demerged Company is capable of addressing independent business opportunities, deploying different technologies and attracting different set of Investors, Strategic Partners, Lenders and Other Stakeholders. Hence as a part of overall business reorganization plan, it is considered desirable and expedient to reorganize and reconstruct the Demerged Company by Demerging the Demerged

Undertaking to the Resulting Company in the manner and on the terms and conditions contained in the Scheme.

- g) The proposed demerger will de-risk the businesses from each other and allow potential investors and other stakeholders the option of investing in all three businesses.

Key features of the Scheme

8. The salient features of the draft Scheme are as under

- a) The draft scheme provides for demerger of the Jewellery Division of the Company into the Resulting Company.
- b) The Appointed Date under the Scheme is the Effective Date, subject to the sanction of regulatory authorities, as set out in the Scheme.
- c) Upon the Scheme becoming effective, all the assets and liabilities and the business pertaining to the "Jewellery" business of the Company shall stand transferred to and vest in the Resulting Company, as a going concern.
- d) Upon the Scheme becoming effective, 3 fully paid-up equity shares of Rs. 10 each of the Resulting Company shall be issued and allotted to the equity shareholders of the Company for every 10 equity shares of Rs. 10 each held in the Company as on the record date.
- e) Upon the coming into effect of this Scheme, the Resulting Company shall record the assets and liabilities pertaining to the "Jewellery" business of the Company vested in it pursuant to this Scheme (which cease to be the assets and liabilities of the Company), at the respective book values thereof, as appearing in the books of the Company at the close of the day immediately preceding the Effective Date (as set out under the Scheme).

Benefits of the Scheme

9. After a careful evaluation of the business of the Company, the Company believes that segregation of the "Jewellery" undertaking of the Company to house such undertaking in the Resulting Company will *inter alia* facilitate pursuit of scale and independent growth plans (organically and inorganically) with more focused management and flexibility as well as liquidity for shareholders (following the listing of the shares of the Resulting Company) but also de-risk the businesses from each other and allow potential investors and other stakeholders the option with choosing the businesses.

View of the Independent Directors - Scheme not detrimental to the shareholders of the Company

- 10. The proposal to undertake the Scheme between the Company and the Resulting Company(s) under Sections 230-232 of the Act was placed before the ID Committee on 14th May, 2024 through circular resolution. The ID Committee was informed that under the Scheme, it was proposed to demerge the "Jewellery" undertaking of the Company and transfer such undertaking to vest in the Resulting Company.
- 11. The ID Committee noted the background, salient features, rationale and the benefits to the Company and its shareholders, as set out above, of the proposed Scheme as placed before it.
- 12. In view of the fact that would be in the best interests of the Company, the Resulting Company and their respective shareholders and creditors as the proposed demerger will yield advantages of unlocking of shareholder value, the ID Committee after due deliberations and due consideration of all the terms of

Parshva Enterprises Ltd.

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Recommendations of the ID Committee:

13. The ID Committee after due deliberations and due consideration of the draft Valuation Report, draft Fairness Opinion, all the terms of the draft Scheme, rationale of the Scheme, impact of Scheme on the shareholders of the Company and other documents presented before the ID Committee, recommends the draft Scheme for favourable consideration by the Board of the Company, BSE Limited, SEBI and other appropriate authorities for their favourable consideration and approval.
14. This report of the ID Committee is made in compliance with the SEBI Master Circular after considering the necessary documents that are applicable in context of the Scheme.

For Parshva Enterprises Limited



Mamta Patel
Chairperson of ID Committee
DIN: 08419890

Place: Mumbai
Date: 14.05.2024



PARSHVA
ENTERPRISES

