

STRICTLY PRIVATE & CONFIDENTIAL

Date: December 22, 2014

<p>The Board of Directors, Arihant Superstructures Limited 302, Persipolis Building, Plot No.74, Sector 17, Vashi, Navi Mumbai-400703</p>	<p>The Board of Directors, Adeshwar Realty Private Limited, 302, Persipolis Building, Plot No.74, Sector 17, Vashi, Navi Mumbai-400703</p>
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Dear Sirs,

Subject: Fairness Opinion for the proposed amalgamation of Adeshwar Realty Private Limited (ARPL) with Arihant Superstructures Limited ('ASL'/ The Company) pursuant to Scheme of Amalgamation in terms of Clause 24 (h) of the Listing Agreement.

Please refer to the engagement letter no. DSPL/ASL/ Fairness/1 dated December 15, 2014 regarding the Fairness Opinion in terms of Clause 24 (h) of the Listing Agreement, for the proposed amalgamation of Adeshwar Realty Private Limited with Arihant Superstructures Limited (ASL) pursuant to Scheme of Amalgamation in terms of provisions of Section 391 to 394 of the Companies Act 1956 (the Act) and other applicable provisions of the Act and /or Rules/Regulations made there under.

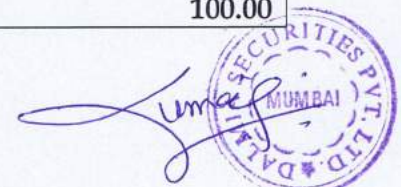
1. Background

1.1. Arihant Superstructures Limited ("ASL")

ASL is a public limited company incorporated under the provisions of the Companies Act, 1956 on March 26,1983 as Sakthiman Mercantile Limited whose name was changed to Arihant Superstructures Limited on August 21,2007. ASL's registered office is located at 302, Presipolis Building, Plot No :74, Sector 17, Vashi, Navi Mumbai. ASL is engaged in the business of real estate development. The shares of ASL are listed on the BSE Limited.

Shareholding pattern of ASL as on September 30, 2014 is as under:

Category	Shareholding of equity shares (%)
Promoters	73.90
Public	26.10
Total	100.00




Summary of Financials (standalone) of ASL is as under:

Year ending March 31,	2012	2013	2014
Total Revenue	68.83	78.5	56.34
Total Expenditure	52.16	359.47	349.89
Profit Before Tax	11.83	7.25	4.20
Profit After Tax	8.00	4.90	2.80
Equity (fully paid up)	27.43	41.16	41.16
Net worth	43.74	64.15	65.74

For 6 months ended September 30, 2014 ASL had on income of Rs. 37.97 cr posted net profit of Rs.6.99 cr.

1.2. Adeshwar Realty Private Limited ("ARPL")

ARPL is a private limited company incorporated under the provisions of the Companies Act, 1956 on December 20, 2006 having its registered office 302, Presipolis Building, Plot No:74, Sector 17, Vashi, Navi Mumbai. ARPL is a wholly owned subsidiary of ASL. (ASL holds 99.4% of ARPL equity while promoters of ASL viz. Mr. Ashok Chhajer and Ms. Sangeeta Chhajer hold 0.3% each respectively) ARPL is also engaged in real estate development business. The shares of ARPL are not listed on any Stock Exchange.

Summary Financials of ARPL is as under:

Year ending March 31,	2012 [®]	2013	2014
Total Revenue	Negligible	0.75	17.65
Total Expenditure	Negligible	0.74	14.99
Profit Before Tax	Negligible	0.01	2.66
Profit After Tax	Negligible	0.005	1.74
Equity	0.01	0.01	0.01
Net worth	0.012	0.017	1.75

[®]The operations were very low and PAT was two thousand rupee.

2. Scheme of Amalgamation

2.1. We have been informed that it is proposed to merge ARPL into ASL with effect from April 01, 2014 (hereinafter referred to as 'Appointed Date') pursuant to the Draft Scheme under section 391-394 of the Act. The Draft Scheme would need approval from the jurisdictional High Court and other regulatory authorities, etc as applicable.

2.2. The Salient features of the Draft Scheme are as under:

- The Draft Scheme provides for merger of ARPL into the Company.
- The accounting treatment to be followed for the proposed merger of ARPL into the Company will be as per 'Accounting Standard-14' issued by ICAI.



- c. Proposed Appointed Date for the amalgamation will be April 01, 2014.
- d. ARPL being wholly owned subsidiary of the Company, no shares to be issued pursuant to merger and the shares held by the Company in ARPL will be cancelled.

3. Scope of Engagement

For the aforesaid purpose, ASL has appointed us to issue a fairness opinion for the intended Scheme in terms of Clause 24 (h) of the Listing Agreement. This report is intended only for the sole use of ASL and ARPL and in connection with the proposed Scheme including for the purpose of obtaining judicial and regulatory approvals for the amalgamation.

4. Sources of Information

We have relied on the following information in issuing this fairness opinion for the purpose of the amalgamation:

- Draft Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, with regard to the proposed amalgamation.
- Copy of Memorandum and Article of Association of ARPL and ASL.
- Shareholding pattern of ASL and ARPL as on September 30, 2014
- Audited financial statement of the Company, and ARPL for the year ending March 31, 2014, March 31, 2013 and March 31, 2012
- Certificate of Exchange Ratio dated December 22, 2014 issued by Kailash Chand Jain & Co. Chartered Accountants with Firm Registration Number 112318W and
- Such other information, documents, data, reports, discussions and verbal & written explanations from ASL as well as advisors for merger/amalgamation to ASL, public domain websites, as were considered relevant for the purpose of the Fairness Opinion.

5. Key Facts From The Scheme

- 5.1. Based on information provided by the management of the entities forming part of the amalgamation and after analyzing the Scheme, we understand that ARPL will merge itself into ASL without any consideration.
- 5.2. The proposed scheme, as and when it becomes effective, would consolidate the operations of the Group and have the following benefits: (a) Administrative and operational rationalization (b) prevent duplication of operative, managerial functions thereby resulting in economy of scale and reduction in overheads, managerial and other expenditure (c) consolidation of land bank to enhance the valuation of the company and (d) greater value for stake holders than could be delivered as separate companies.



6. Exclusions and Limitations

Our report is subject to the scope limitations detailed hereinafter. The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

- 6.1. In the course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, we have been given to understand by the managements of the companies that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise.
- 6.2. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 6.3. Our work does not constitute an audit, due diligence or verification of historical financials including the working results of the Companies or their business referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 6.4. We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We do not express and should not be deemed to have expressed any views on any other term of the proposed Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of ASL will trade following the announcement of the proposed Scheme or as to the financial performance of ASL following the consummation of the proposed Scheme.
- 6.5. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 6.6. No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of this fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for purpose of this report.
- 6.7. Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the

companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed merger, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

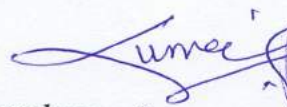
6.8. This report has been issued for the sole purpose to facilitate the Company to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.


7. Opinion & Conclusion

With reference to above and based on information provided by the management of the entities forming part of the amalgamation and after analyzing the Draft Scheme, we understand that the present Scheme has been intended to merge ARPL into ASL without any consideration. In the above cases valuation is not undertaken as these are occurring within the Holding Company and wholly owned Subsidiary Company and it does not involve any movement of assets or liabilities outside the group. Upon the Scheme becoming effective and with effect from the Appointed Date, the entire issued and paid up capital of ARPL fully held by ASL on the Effective Date shall be extinguished and shall be deemed to be extinguished and all such equity shares of ARPL held by ASL shall be cancelled and deemed to be cancelled without any further application, act or deed. There is also no change in the promoter and public shareholding pattern of the public listed Company i.e., ASL. Accordingly no valuation process is applicable to the Scheme.

In light of the forgoing and subject to the caveats as detailed hereinbefore, we as a Merchant Banker hereby certify that, in our opinion the proposed Scheme of Amalgamation without any consideration is fair and reasonable since the shareholders of ASL will continue to remain beneficial owners of ASL in the same proportion as they held it prior to the Scheme.

For *Dalmia Securities Private Limited*


Jeyakumar S
COO- Investment Banking



Place: Mumbai

मर्चेट बैंककार

रूप ख
FORM B

MERCHANT BANKER

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

002756

(मर्चेट बैंककार) विनियम, 1992
(MERCHANT BANKERS) REGULATIONS, 1992

(विनियम B)
(regulation B)

Regulation 8A

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION PERMANENT REGISTRATION

- I. बोर्ड, उसके द्वारा बनाए गए नियमों और विनियमों के साथ पठित भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 की धारा 12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए इसके द्वारा पर्वग I/ ~~II~~/~~III~~/~~IV~~ में मर्चेट बैंककार के रूप में
- I. In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder the Board hereby grants a certificate of registration to

DALMIA SECURITIES PVT LTD
"IDEAL PLAZA", 4TH FLOOR, SUITE NO. S 401
11/1, SARAT BOSE ROAD
KOLKATA 700 020

को नियमों में जतों के अधीन रहते हुए और विनियमों के अनुसार निम्नलिखित क्रियाकलाप करने का रजिस्ट्रीकरण प्रमाणपत्र देता है :- as a merchant banker in Category I/ ~~II~~/~~III~~/~~IV~~ subject to conditions in the rules and in accordance with the regulations to carry out following activities :-

1. किसी निर्गमन का प्रबंध जिसके अन्तर्गत प्रोस्पेक्टस तैयार करना, निर्गमन में संबंधित जानकारी एकत्र करना, वित्तपोषण संरचना अवधारित करना, वित्तदाताओं से संबंध बनाना, ऑफिस आवंटन और अधिक आवेदन धरगर्शि का प्रनिदाय है। Management of any issue, including preparation of prospectus, gathering information relating to the issue, determining financing structure, tie up of financiers, final allotment and refund of excess application money.
2. विनिधान सलाहकार। Investment Adviser
3. निर्गमनों का निर्माण। Underwriting of Issues.
4. ~~संभाल प्रबंध सेवाएं। Portfolio Management Services.~~
5. किसी निर्गमन के प्रबंधक, परामर्शी या सलाहकार जिनके अन्तर्गत निर्गमित सलाहकार सेवाएं हैं। Manager, Consultant or Adviser to any issue including corporate advisory services.
6. परामर्शी या सलाहकार। Consultant or Adviser.

(*जो लागू न हो उसे काट दें) (*Delete whichever are not applicable)

II. मर्चेट बैंककार के लिए रजिस्ट्रीकरण कोड

II. Registration Code for the merchant banker is MB /

INM000011476

है।

III. यह प्रमाणपत्र

This certificate of Registration shall be valid for permanent
III. This Certificate shall be valid frothless suspended or cancelled by the Board

तक विद्यमान्य होगा और जैसे भारतीय प्रतिभूति और विनिमय बोर्ड (मर्चेट बैंककार) विनियम, 1992 में विनिर्दिष्ट है नवीकृत किया जा सकेगा।
and may be renewed as specified in regulation 9 of the Securities and Exchange Board of India (Merchant Banker(s) Regulations, 1992.

आदेश द्वारा
By order



AA

B.K. GUPTA

भारतीय प्रतिभूति और विनिमय बोर्ड

के लिए योग्य व्यक्ति योग्य

स्थान Place

MUMBAI

AUGUST 1992