

# Chitale & Associates

Chartered Accountants

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Date: 14 January, 2016

**The Board of Directors,**

**PTL Enterprises Ltd.,**

6<sup>th</sup> floor, Cherupushpam Building,

Shanmugham Road,

Kochi- 682 031, Kerala

**The Board of Directors,**

**Artemis Global Life Sciences Limited**

**(Formerly known as PTL Projects Ltd.),**

414/1, 4th Floor,

DDA Commercial Complex,

District Centre, Janakpuri,

New Delhi 110058.

Dear Sirs,

**Ref: Share Entitlement Ratio ("Report")**

**1. Context**

1.1 We refer to the Engagement Letter dated 02<sup>nd</sup> January 2016 and the subsequent discussions we had with you, wherein you requested our report on the ratio of allotment of equity shares of the resultant company, Artemis Global Life Sciences Limited (formerly known as PTL Projects Ltd.) ("**AGLSL**" or "**Resulting Company**") to be issued to the shareholders of PTL Enterprises Limited ("**PTL**" or "**Demerged Company**") in connection with proposed demerger of the Medicare and Healthcare Undertaking (as defined below) from PTL Enterprises Ltd. with 1<sup>st</sup> April, 2016 as appointed date ("**Appointed Date**").

**2. Background**

2.1 PTL has a tyre manufacturing facility located at Kerala, which has been leased out to Apollo Tyres Limited, a group company (whose shares are listed on Bombay Stock Exchange and National Stock Exchange), on an operating lease basis ("**Tyre Undertaking**"). Additionally, PTL is also engaged in healthcare business enfoldng health care equipment leasing to its wholly owned sub-subsidiary Artemis Medicare Services Ltd. and the delivery of healthcare services through the state-of-the art tertiary care hospital in Gurgaon called Artemis Health Institute ("**AHI**") owned and operated through its subsidiary and its sub-subsidiary namely, Artemis Health Sciences Ltd ("**AHS**") and, Artemis Medicare Services Limited ("**AMS**"). Collectively, the healthcare business comprising health care equipment leasing and the investment in AHS & AMS is hereinafter referred to as the "**Medicare and Healthcare Undertaking**".

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**For PTL ENTERPRISES LIMITED**

Pradeep Kumar  
Company Secretary (E4074)



2.2 PTL's equity shares are listed on Bombay Stock Exchange and National Stock Exchange.

2.3 The authorized, issued, subscribed and paid-up share capital of PTL as on 31<sup>st</sup> December 2015.

| Share Capital                                      | Amount in Rs.Lacs |
|--|-------------------|
| Authorised Share Capital                           |                   |
| 10,00,00,000 Equity shares of Rs. 2 each           | 2,000.00          |
| <b>Total</b>                                       | <b>2,000.00</b>   |
| Issued, Subscribed and paid up capital             |                   |
| 6,61,88,500 Equity Shares of Rs. 2 each fully paid | 1,323.77          |
| <b>Total</b>                                       | <b>1,323.77</b>   |

Subsequent to the above mentioned date, there has been no change in the issued subscribed and paid up share capital of PTL.

2.4 AGLSL is a company incorporated in 2011 under the Companies Act, 1956 having its registered office at 414/1, 4th Floor, DDA Commercial Complex, District Centre, Janakpuri, New Delhi 110058.

2.5 The authorized, issued, subscribed and paid-up share capital of AGLSL as on 31<sup>st</sup> December 2015.

| Share Capital                                     | Amount in Rs.Lacs |
|---|-------------------|
| Authorised Share Capital                          |                   |
| 25,00,000 Equity shares of Rs. 2/- each           | 50.00             |
| <b>Total</b>                                      | <b>50.00</b>      |
| Issued, Subscribed and paid up capital            |                   |
| 5,00,000 Equity Shares of Rs. 2/- each fully paid | 10.00             |
| <b>Total</b>                                      | <b>10.00</b>      |

Subsequent to the above mentioned date, there has been no change in the issued subscribed and paid up share capital of AGLSL.

2.6 The entire issued capital of AGLSL (the Resulting Company) is held by PTL (the Demerged Company).

### 3. Valuation Objective

3.1 We understand that management of PTL is contemplating to demerge its Medicare and Healthcare Undertaking carried on by PTL directly or through its subsidiary and sub-subsidiary namely, AHS & AMS ("Demerged Business") vide a

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Scheme of Arrangement proposed between PTL and AGLSL under sec. 391 to sec.394 and other applicable provisions of the Companies Act, 1956 and other applicable provisions of Companies Act, 2013 (hereinafter referred to as "**Draft Scheme**").

3.2 In connection with the demerger, and based on the information made available by the management of PTL ("**Management**"), the Management requested Chitale & Associates ("**C&A**" / "**we**" / "**us**") to provide a report on the ratio of allotment of equity shares of AGLSL (the Resulting Company) to be issued to the shareholders of PTL (the Demerged Company). As per the Draft Scheme provided to us, the Appointed Date for the demerger is 1<sup>st</sup> April 2016.

3.3 We understand that consequent to the demerger, the existing share capital of AGLSL held by PTL will stand cancelled pursuant to the Draft Scheme.

3.4 We understand that consequent to the demerger, the beneficial economic interest of the shareholders of PTL (the Demerged Company) in the paid-up equity share capital of AGLSL (the Resulting Company) would be the same as it is in the paid-up equity share capital of PTL (the Demerged Company).

#### **4. Sources of Information**

4.1 For the purpose of this valuation exercise, we have relied upon the following information/documents made available to us by the management of both the companies and the information available in the public domain.

- (a) Draft Scheme of Arrangement between PTL and AGLSL and their respective shareholders to be adopted at the respective board meeting;
- (b) Shareholding pattern of PTL and AGLSL as on 31<sup>st</sup> December 2015 certified by the company secretary of PTL;
- (c) Audited financial statements for the financial year ended 31<sup>st</sup> March 2015 for PTL and AGLSL;
- (d) Provisional statement of assets and liabilities of the Medicare and Healthcare Undertaking and provisional statement of assets and liabilities of the Tyre Undertaking, in each case, as on 31<sup>st</sup> December 2015 as certified by the Management of PTL;
- (e) Copy of report of M/s. Vincy Thomas dated 15<sup>th</sup> December 2015 on revaluation of the tyre undertaking of PTL; and
- (f) Our discussions from time to time and representations provided by the management of PTL and AGLSL.

#### **5. Share Swap Ratio**

5.1 Considering the following aspects:

- (a) AGLSL is the wholly owned subsidiary (WOS) of PTL;
- (b) upon the Draft Scheme becoming effective, existing shareholding of PTL in AGLSL shall stand cancelled without any payment;



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- (c) upon the Draft Scheme becoming effective, shareholders of PTL would be entitled to shares in AGLSL in the same proportion in which they own shares in PTL; and
- (d) upon the Draft Scheme becoming effective, the beneficial economic interest of the shareholders of PTL in the paid-up equity share capital of AGLSL would be the same as it is in the paid-up equity share capital of PTL,

the determination of swap ratio would not have any economic impact on the ultimate value of the shareholders of PTL and the proposed demerger of Demerged Business of PTL into AGLSL will be value neutral to PTL's shareholders.

Hence, the determination of swap ratio of companies is at best an internal arrangement between companies and its shareholders and a detailed valuation of the companies to determine the swap ratio would not be relevant in the present case.

5.2 We have been informed by the management of PTL that the net asset value (as revalued) of Tyre Undertaking is about Rs. 535.23 crores as on 31 December 2015. Similarly, net asset value of the Medicare and Healthcare Undertaking on a consolidated basis is about Rs. 146.54 crores as 31 December 2015. Having regard to the size of the net assets of Tyre Undertaking and the Medicare and Healthcare Undertaking, the requirement of capital of the Medicare and Healthcare Undertaking, and other relevant factors, the Management has proposed share entitlement ratio of 1 (One) fully paid up equity share of Face Value of Rs. 2/- (Rupees Two) each of AGLSL for every 1 (One) fully paid up equity share of Face Value of Rs. 2/- (Rupees Two) each held in PTL.

5.3 We have been informed by the management of the AGLSL that upon effective date (as defined in the Draft Scheme), the authorized capital of AGLSL would be increased to Rs. 20 crores. Alternatively, the authorized capital of AGLSL would be increased to Rs. 20 crores before the appointed date of the Scheme.

5.4 Based on the aforesaid, in particular read with paragraph 3, 5.1 and 5.3 above and the Caveats below, and considering that all shareholders of PTL are and will, upon demerger, become shareholders of AGLSL holding beneficial economic interest in the same proportion as they hold in PTL, the following proposed share entitlement ratio is fair to the shareholders of PTL in relation to the demerger:

**"1 (One) fully paid up equity share of Face Value of Rs. 2/- (Rupees) each of AGLSL for every 1 (One) fully paid up equity share of Face Value of Rs. 2/- (Rupees Two) each held in PTL."**

## 6. Caveats

6.1 We have relied upon the information, data, and explanations set out at para 3 above, for the purpose of reporting on the ratio of allotment of equity shares of AGLSL to the shareholders of PTL in connection with the proposed Demerger. Our



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recommendation is dependent upon the information furnished to us being complete in all material respects.

6.2 For the purpose of opining on the Share Entitlement Ratio, we have used financial and other information provided by the Management, which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. We have thus relied upon the audits carried out by H.N. Mehta Associates, Chartered Accountants, of the financials of PTL provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

6.3 The Healthcare Undertaking is proposed to be demerged into PTL with effect from the Appointed Date, 1<sup>st</sup> April, 2016. The Management has explained that the business of the Healthcare Undertaking would be carried on in the due course of business till the Appointed Date and subsequently till the Demerger Scheme is approved. The Management has further represented that there would be no change in the structure of the paid up equity share capital of PTL or AGLSL till the Appointed Date and subsequently, till the Demerger Scheme is approved.

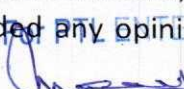
6.4 We have assumed that the final terms of the scheme of merger will not vary from those set forth in the draft reviewed by us.

6.5 This report has been prepared for the Board of Directors of PTL and AGLSL and solely for the purpose of recommending the share entitlement ratio for issue of equity shares of AGLSL to the shareholders of PTL in consideration for the demerger of Healthcare Undertaking of PTL.

6.6 Our report is not nor should it be construed as our opining or certifying the compliance of the proposed demerger of Healthcare Undertaking of PTL with the provisions of any law including Companies Act, FEMA and Regulations thereunder, Income tax Act, SEBI Act and Regulations thereunder, or as regards any legal implications or issue arising from such proposed demerger.

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6.7 We have not opined on the fairness of any terms and conditions of the Scheme other than the Exchange Ratio. Further, we have neither opined nor advised on the viability or legality of the proposed structure, mechanics and terms and conditions of the Scheme. We have not provided any opinion whatsoever as to any scenario where

  
Pradeep Kumar  
PTL ENTERPRISES LIMITED





only some (and not all) parts of the Scheme take effect (including on account of non-receipt of governmental approvals). Our opinion is not intended to be and does not constitute a recommendation to any shareholder, creditor or other person of PTL & AGLSL as to how such shareholder, creditor or other person should vote or act on any matters relating to the proposed Scheme.

6.8 The information contained herein and our report is intended only for the sole use and information of the PTL & AGLSL, and only in connection with the proposed demerger as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed demerger as aforesaid, can be done only with our prior permission in writing.

6.9 No investigation on the PTL and AGLSL claims to title of assets has been made for the purpose of this report and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of a legal nature.

6.10 We assume no responsibility for any errors in the information furnished by the PTL and AGLSL and consequential impact on the present exercise.

6.11 By reason of delivering this opinion, neither C&A, nor its partners, directors, manager, employees or agents are required to give expert testimony nor are required to be in attendance in any court or at any governmental or regulatory hearing with reference to the matter dealt with in this opinion, unless prior arrangement has been made with C&A in that regard as an additional engagement.

6.12 We acknowledge that we have no present or contemplated financial interest in the companies. We have been retained by PTL & AGLSL act as advisor to the Board of Directors of PTL & AGLSL with respect to this opinion and will receive a fee for our services in connection with the delivery of this opinion. Our fee for our services will be payable on delivery of this opinion and is not contingent on the successful completion of the De-merger.

6.13 We and our affiliates in the past may have provided services to PTL & AGLSL and its subsidiaries unrelated to the proposed Merger, for which services we and such affiliates have received professional fees. Further, we and our affiliates may maintain professional relationships with PTL & AGLSL its subsidiaries and their respective affiliates.

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6.14 Further, PTL & AGLSL respectively agrees to indemnify and hold harmless C&A, its directors, partners, shareholders, manager, employees and agents from and against any and all costs, expenses, losses, claims, demands, actions, suits or proceedings paid, incurred or suffered by or made or initiated against them or any of them by any third

party arising out of or in connection with this engagement, except to the extent that any such costs, expenses, claims, demands, actions, suits or proceedings arise from our willful default.

**7. Distribution of our Report**

7.1 This letter report is prepared for the board of directors of PTL and AGLSL to the extent mandatorily required under applicable laws of India may be produced before judicial, regulatory or government authorities, in connection with the transaction envisaged in the Draft Scheme.

7.2 In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the PTL & AGLSL, their directors, employees or agents. In no circumstances shall the liability of Chitale & Associates, its partners, directors or employees, relating to the service provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these services.

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

Yours faithfully

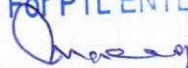


**Chitale & Associates**  
**Chartered Accountants**  
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**For PTL ENTERPRISES LIMITED**



**Pradeep Kumar**  
**Company Secretary (F4971)**  
**B-39, Vikalp Appts. Plot No. 92,**  
**I.P. Extn., Delhi-110092**