

STRICTLY PRIVATE & CONFIDENTIAL

August 06, 2013

The Board of Directors,  
Gammon Infrastructure Projects Limited  
Gammon House, Veer Savarkar Marg,  
Prabhadevi, Mumbai – 400025

Dear Sirs,

**Re: Fairness Opinion in connection with the amalgamation of Pravara Renewable Energy Limited with Gammon Infrastructure Projects Limited.**

We have been requested by the management of Gammon Infrastructure Projects Limited (hereinafter referred to as "GIPL" or as the "Company") to give fairness opinion in connection with the amalgamation of Pravara Renewable Energy Limited (hereinafter referred to as "PREL") with the Company (together referred to as "Companies"). We have been informed that the appointed date for proposed amalgamation is April 1, 2013.

## 1. BACKGROUND

### 1.1 Gammon Infrastructure Projects Limited & Pravara Renewable Energy Limited

GIPL is a company listed with the BSE and NSE and is engaged in the business of infrastructure project development undertaking projects mainly on build operate transfer, build own operate transfer, Build Own Operate and allied business either directly or through special purpose vehicles promoted by it.

PREL is a special purpose vehicle promoted by the GIPL engaged in the business of setting up a 30 MW bagasse-based co-generation power project in Pravara Nagar, Ahmednagar District of Maharashtra on build, own, operate and transfer basis. PREL is a 100% subsidiary of GIPL.

1.2 We have been informed that the management of the Companies are considering amalgamation of PREL with GIPL pursuant to scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 ('the Scheme').





- 1.3 As mentioned above, PREL is a wholly owned subsidiary of GIPL. The scheme provides that all equity shares of PREL held by GIPL shall stand cancelled and extinguished upon amalgamation coming into effect.

## 2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- Scheme of amalgamation under section 391 to 394 of the Companies Act, 1956.
- Audited Financial Statements of Pravara Renewable Energy Limited and Gammon Infrastructure Projects Limited for Financial Year 2012-13.
- Valuation certificate by Natvarlal Vepari & Co. (Chartered Accountants)
- Such other information and explanations as we required and which have been provided by the management of the Companies.

## 3. CONSIDERATION FOR AMALGAMATION

The management of the Companies has proposed that on amalgamation of PREL with GIPL all equity shares issued by PREL and held by GIPL shall stand cancelled and extinguished and in lieu thereof, no allotment of any shares shall be made to any person whatsoever.

## 4. ACCOUNTING TREATMENT IN THE BOOKS OF CHL

The management of the companies has proposed that on amalgamation of PREL with GIPL all assets and liabilities recorded in the books of PREL shall be transferred and recorded at their carrying amount as appearing in the books of PREL

## 5. EXCLUSIONS AND LIMITATIONS

- 5.1 Our conclusion is dependent upon the information furnished to us being complete in all material respects.
- 5.2 Our report is not nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.
- 5.3 This report has been prepared for management of GIPL solely for the purpose of opining on the fairness on value of shares of PREL.
- 5.4 The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of GIPL, and only in connection with the proposed amalgamation 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 amalgamation as aforesaid, can be done only with our prior permission in writing.

**6. VALUATION METHODOLOGY ADOPTED BY THE VALUER**

For the purposes of valuation of shares of PREL the Valuer, has adopted the Breakup Value Method.

**7. CONCLUSION**

7.1 We have reviewed the methodology as mentioned above used by the Valuer for arriving at the fair valuation of the equity shares of the Amalgamating Company and also reviewed the working and underlining assumptions adopted to arrive at the fair market value under the above Methodology.

7.2 Actual value of one equity share may be higher or lower than Valuer's assessment of the indicative value depending upon the method, purpose, timing and circumstances and the knowledge, negotiating ability and motivations of the Amalgamating and Amalgamated Company. Accordingly, Valuer's assessment of the indicative value may not be the price at which any agreement proceeds.

7.3 On the basis of the foregoing points, we are of the opinion that the valuation made by M/s. Natvarlal Vepari & Co. (Chartered Accountants) is fair and reasonable

Thank you,  
Yours faithfully,

**For Inga Capital Private Limited**



**S. Karthikeyan**

**Director**

