

Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

STRICTLY PRIVATE & CONFIDENTIAL

August 3rd, 2013

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

The Board of Directors
Pravara Renewable Energy Limited
Address: Gammon House, Veer Savarkar
Marg, Prabhadevi, Mumbai - 400025Address:

Re: Amalgamation of Pravara Renewable Energy Limited with Gammon Infrastructure Projects Limited

Dear Sirs,

We have been requested by the management of Gammon Infrastructure Projects Limited and of Pravara Renewable Energy Limited (hereinafter collectively referred to as "Companies") to issue this report in connection with amalgamation of Pravara Renewable Energy Limited with Gammon Infrastructure Projects Limited

1. BACKGROUND

- 1.1 Gammon Infrastructure Projects Limited(GIPL) is 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.
- 1.2 Pravara Renewable Energy Limited (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.
- 1.3 The management of Gammon Infrastructure Projects Limited is considering amalgamation of Pravara Renewable Energy Limited with Gammon Infrastructure Projects Limited with effect from appointed date of April 1st, 2013.

2. SOURCES OF INFORMATION

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

- (a) Draft Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956.
- (b) Audited Financial Statements of Pravara Renewable Energy Limited and Gammon Infrastructure Projects Limited for FY 2012-13.



Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

(c) Such other information and explanations as we required and which have been provided by the management of Pravara Renewable Energy Limited and Gammon Infrastructure Projects Limited.

3. LIMITATIONS & EXCLUSIONS

- 3.1 Our work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. Valuation analysis and result are specific to the purpose of valuation and the valuation date mentioned in the report is as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date.
- 3.2 Our recommendation is dependent upon the information furnished to us being complete in all material respects.
- 3.3 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.
- 3.4 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information including the financial statements provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, do not express any opinion or any form of assurance with regards to the same.
- 3.5 Investigation has not been made on the Companies claims to title of assets 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.
- 3.6 The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of Gammon Infrastructure Projects Limited and only in connection with the proposed amalgamation as aforesaid. 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.



Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

4. CONCLUSION

4.1 As per Breakup Value Method, the Fair Market Value of Unquoted Equity Shares shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner, namely :-

$$\text{The fair market value of unquoted equity shares} = \frac{(A - L) * (PV)}{(PE)}$$

Where,

A = Book value of the assets in Balance Sheet which includes Non-Current and Current assets as at the balance sheet as on March 31, 2013.

L = Book value of liabilities shown in the Balance sheet but not including the following amounts:---

- (i) The paid- up capital in respect of equity shares;
- (ii) The amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;
- (iii) Reserves, by whatever name called, other than those set apart towards depreciation;
- (iv) Debit or Credit balance of the profit and loss account;

PE= Total amount of paid up equity share capital as shown in Balance sheet.

PV= The Paid up value of such equity shares;

4.2 Accordingly we have determined the fair market value of equity shares as per the aforesaid methodology with reference to the Balance Sheet of Pravara Renewable Energy Limited as at 31st March 2013

4.3 The valuation has been detailed in the attached Annexure I.

4.4 **The fair market value of each equity share of Rs. 10 each fully paid up of PREL as per the break-up value method is Rs.9.79/-**

4.5 It must be appreciated that actual value of one equity share may be higher or lower than our assessment of the indicative value depending upon the method, purpose, timing and circumstances and the knowledge, negotiating ability and motivations of the parties involved. Accordingly, our assessment of the indicative value may not be the price at which any agreement proceeds.



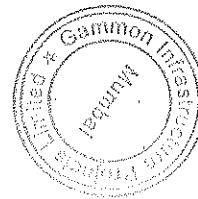
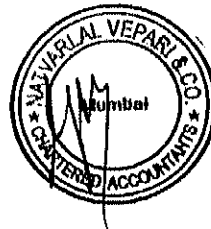
Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

- 4.6 As per the draft scheme of amalgamation no shares are proposed to be issued to Gammon Infrastructure Projects Limited in consideration of amalgamation of Pravara Renewable Energy Limited with itself as Pravara Renewable Energy Limited is wholly owned subsidiary of Gammon Infrastructure Projects Limited as on date.
- 4.7 In our opinion, the above is fair since shareholders of Gammon Infrastructure Projects Limited will continue to remain beneficial owners of Gammon Infrastructure Projects Limited and Pravara Renewable Energy Limited in the same proportion as they held it prior to the merger.


CHARTERED ACCOUNTANTS



Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

Net Asset Value OF Pravara Renewable Energy Limited

Equity and liabilities

Shareholders' funds

Share capital	17,40,00,000
Reserves and surplus	-36,77,324
Sub Total	17,03,22,676

Non-current liabilities

Long-term borrowings	66,07,05,680
Long-term provisions	81,268
Sub Total	66,07,86,948

Current liabilities

Other current liabilities	20,64,29,083
Short-term provisions	8,064
Sub Total	20,64,37,147

TOTAL 1,03,75,46,771

Assets

Non-current assets

Fixed assets :

Tangible assets (net)	5,96,038
Intangible assets under development	72,41,80,586
Long-term loans and advances	28,46,49,140
	100,94,25,764

Current assets

Inventories	91,05,231
Cash and cash equivalents	1,68,71,675
Short-term loans and advances	21,44,101
	2,81,21,007

TOTAL 1,03,75,46,771

Total Assets	1,03,75,46,771
Total Liabilities	86,72,24,095
Net Worth	17,03,22,676
No of Shares	1,74,00,000
Net Asset Value	9.79

