

# J. V. VASANI & CO.

CHARTERED ACCOUNTANTS



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## Recommendation of Share Exchange Ratio With Reference To The Merger Of

**'PUSHPANJALI DRUMS PRIVATE LIMITED**

with

**'VAS INFRASTRUCTURE LIMITED'**

Dear Sirs,

This has reference to the discussion that we had with you, requesting us to undertake the valuation of the Equity Shares of "VAS Infrastructure Limited" (herein after referred to as 'VAS') and Pushpanjali Drums Private Limited (herein after referred to as 'PDPL') for the purpose of recommending a share exchange ratio for the proposed merger of the company. As requested, we have carried out an independent assessment of the Swap Ratio for the proposed merger of PDPL into VAS

1. VAS was incorporated on 11<sup>th</sup> February 1994 as Vasparr Consultancy Services Private Limited and converted into a public limited company in 20<sup>th</sup> October 1994. The name was changed to Vasparr Securities Limited with effect from 27<sup>th</sup> June 1995. In the year 1996 the Company came out with an IPO and on 19<sup>th</sup> March 1996 the Company got its Shares Listed on Bombay Stock Exchange (BSE). Currently the Scrip Code of VAS on BSE is 531574 and its symbol is VASINFRA. The Company had changed its name to 'Vas Animation & Entertainment Limited' (VAEL) with effect from 23<sup>rd</sup> February 2000.

Further, the Company has changed its name to VAS Infrastructure Limited with effect from 29<sup>th</sup> July 2006. Currently the Company is into the Business of Construction & Infrastructure Development.

Further after 1<sup>st</sup> April, 2012, the Company had allotted 25,00,000 warrants @ Rs. 91 per warrant convertible into equity shares. Out of which 6,25,000 warrants were converted into equity shares on 1<sup>st</sup> August, 2012. Balance 18,75,000 warrants are pending for conversion.

2. PDPL was incorporated on 16<sup>th</sup> November 2006 as Pushpanjali Drums Private Limited is incorporated with the objective of designing, developing, manufacturing, producing, assembling and trading in all types of drums made out of metal, plastic or any other materials or substances or processes. The shares of PDPL are not listed on any Stock Exchanges in India.

For the purposes of the valuation, we have relied upon the following:



- (a) The Audited financial Statements of VAS and PDPL for the accounting periods ended 31<sup>st</sup> March 2008, 2009, 2010, 2011 and 2012.
  - (b) Details of Contingent Liabilities as on 31<sup>st</sup> March, 2012, for VAS and PDPL.
  - (c) Such other information and explanation as we have been provided by the management of VAS and PDPL.
  - (d) Other publicly available information and reports available from the websites including BSE.
3. We have not carried out any due diligence, audit or other tests to establish the accuracy or sufficiency of the financial statements referred to above or of the information or explanations provided to us and we are not required to do so. We don't accept responsibility for the same.

For the purposes of our valuation we have considered following approaches, viz.,

- (a) The "Net Asset Value" approach
- (b) The "Market Value approach for VAS as its shares are listed on Bombay Stock Exchange Limited.

While arriving at the valuations: -

#### 1. Net Asset Value approach

Under the "Net Asset Value" value approach, the value is determined by dividing the net assets of the company by the number of shares. For the purpose of our valuation, we have relied upon the audited accounts of the companies.

#### 2. Market Value Approach

As stated earlier, shares of VAS Infrastructure Limited are listed on Bombay Stock Exchange Limited. For the purpose of market approach, we have considered the average of the weekly high and low of the closing prices during the six months preceding the date of valuation or the average of the weekly high and low of the closing prices during the two weeks preceding the date of valuation as suggested by SEBI in the ICDR Regulation, 2009 for arriving at price for issue of share on preferential basis.

Further, PDPL are not listed on any Stock Exchanges in India or abroad.

The narration with reference to the various valuation methods as described above have been elaborated in detail in the annexure.



Further we have not considered Price Earning Capacity Value Method (PECV) for considering Share Swap Ratio as PDPL has shown insignificant amount of profit in the past.

**Share Issue Ratio**

Though different values have been arrived at under each of the above approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of each company. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company but at their comparative value to facilitate the determination of ratio of exchange. For this purpose, it is necessary to average out the values arrived at under different approach.

On the above basis and having regard to the review of our opinion, a fair ratio to issue shares of VAS to the shareholders of PDPL, **the share issue ratio of "2 equity shares of VAS for every 5 equity share of PDPL is recommended".**

Yours Faithfully,

**FOR J V VASANI & CO.  
Chartered Accountants**

  
**Deepika Gutgutia  
Partner**

**Membership No: 147721**



Place: Vapi

Date: 28<sup>th</sup> January, 2013

**VAS INFRASTRUCTURE LIMITED**

**VALUATION BASED ON MARKET PRICE IN ACCORDANCE WITH SEBI REGULATION**

Price on BSE from 31-07-2012 to 28-01-2013

**A. AVERAGE OF THE WEEKLY HIGH AND LOW CLOSING PRICE FOR PAST 26 WEEKS**

Week Sr. No	Weekly Period		High	Low	Average
	From	To			
1	31-Jul-12	6-Aug-12	28.60	25.85	27.23
2	7-Aug-12	13-Aug-12	25.55	23.85	24.70
3	14-Aug-12	20-Aug-12	24.65	23.10	23.88
4	21-Aug-12	27-Aug-12	25.25	20.85	23.05
5	28-Aug-12	3-Sep-12	21.50	19.85	20.68
6	4-Sep-12	10-Sep-12	22.05	21.25	21.65
7	11-Sep-12	17-Sep-12	22.40	21.65	22.03
8	18-Sep-12	24-Sep-12	25.00	20.70	22.85
9	25-Sep-12	1-Oct-12	29.60	26.80	28.20
10	2-Oct-12	8-Oct-12	26.90	25.75	26.33
11	9-Oct-12	15-Oct-12	26.30	24.45	25.38
12	16-Oct-12	22-Oct-12	24.75	23.85	24.30
13	23-Oct-12	29-Oct-12	23.75	21.95	22.85
14	30-Oct-12	5-Nov-12	22.95	21.50	22.23
15	6-Nov-12	12-Nov-12	22.75	20.45	21.60
16	13-Nov-12	19-Nov-12	24.25	21.55	22.90
17	20-Nov-12	26-Nov-12	23.50	21.90	22.70
18	27-Nov-12	3-Dec-12	22.40	21.90	22.15
19	4-Dec-12	10-Dec-12	22.50	21.65	22.08
20	11-Dec-12	17-Dec-12	22.35	21.95	22.15
21	18-Dec-12	24-Dec-12	23.50	22.30	22.90
22	25-Dec-12	31-Dec-12	21.70	20.65	21.18
23	1-Jan-13	7-Jan-13	27.65	21.55	24.60
24	8-Jan-13	14-Jan-13	30.45	27.25	28.85
25	15-Jan-13	21-Jan-13	25.90	23.35	24.63
26	22-Jan-13	28-Jan-13	22.85	20.60	21.73
Average Price [A]					23.57



**B. AVERAGE OF THE WEEKLY HIGH AND LOW CLOSING PRICE FOR THE PAST 2 WEEKS**

Sr. No	Weekly Period Date	High	Low	Average
	15-Jan-13	27.25	25.90	26.58
	16-Jan-13	25.40	24.65	25.03
	17-Jan-13	25.55	24.25	24.90
	18-Jan-13	25.50	24.05	24.78
	21-Jan-13	25.05	23.30	24.18
	22-Jan-13	24.20	22.50	23.35
	23-Jan-13	23.55	21.75	22.65
	24-Jan-13	21.70	20.95	21.33
	25-Jan-13	21.15	20.00	20.58
	28-Jan-13	20.80	20.15	20.48
	<b>Average Price [B]</b>			<b>23.38</b>

**The market price higher of A or B**      **23.57**



**SUMMARY OF VALUATION**

VALUATION METHODS APPROACH	VAS	PDPL
	Value per share Rs.	Value per share Rs.
Net Asset Value (A)	25.41	9.54
Market Price (B)	23.57	-
Average Valuation	24.49	9.54
Rounded off to	25.00	10.00
Share Swap Ratio	2.00	5

**\*the share issue ratio of "2 equity shares of VAS for every 5 equity share of PDPL.**

