Report on the

Valuation of

Yamini Investments Company Limited

&

Fidelo Power and Infrastructure Limited

&

Anax Com trade Limited

And

Exchange Ratio for

The proposed merger of

Fidelo Power and Infrastructure Limited

and

Anax Com trade Limited

with

Yamini Investments Company Limited

DATE

31st March, 2013

Certified True Copy

For Yamini Investments Company Limited

Kirti Agarwal.

(Director)

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CHARTERED ACCOUNTANTS

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1. **Scope of Work:**

Our firm M/s SMVA & ASSOCIATES Chartered Accountants has been engaged by the Board of Directors of Yamini Investments Company Ltd ("Transferee") to provide assistance (the "Mandate") in determining valuation and the share exchange ratio (the "Exchange Ratio") for the proposed merger of Fidelo Power and Infrastructure Limited and Anax Com trade Limited (here-in-after collectively referred to as "Transferors") with and into the Transferee company (also referred to as the "Transaction" or the "Merger").

1.1 **Limitation and Constraints to this report:**

This Valuation Report, within the limits and with the cautions, qualifications, and caveats provided herein, has been prepared for the sole purpose of supporting the valuation and decision-making process of the Board of Directors of the Transferee and, therefore, may not be used in any other scope and is not intended for use by any other individual or entity for any other purpose. In addition, it is not appropriate to use this Valuation Report as a basis for granting credit to or conferring rights of any kind on employees, creditors, or other holders of financial instruments issued by the both Transferee & Transferors companies which they hold directly and/or indirectly, or any other entity whatsoever.

In fulfilling this Mandate and performing all valuations, we have relied on the truth, completeness and accuracy, in all respects, of the documents, facts, data and information provided by the both Transferee & Transferors, without undertaking any independent verification, certification and/or analysis. Further, nothing contained in this report should be construed to be an express or implied representation as to the future or an indication of prospective earnings or financial performance of the Parties. The mandate did not involve performing any audit tests made in accordance with the generally accepted auditing standards, financial/ accounting due diligence review, etc. The report has been prepared on the understanding that the company has drawn our attention to all the matters concerning the company's financial position and other matters, which may have an impact on the company's future.

No investigation of the title to the companies and its assets has been made. No consideration has been given to liens and encumbrances, which may be in force against the company and its assets. No responsibility is assumed for other matters of a legal nature. We were not required to carry out a legal/tax due diligence review.

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The value ascertained in this report is not intended to represent the value of the companies at any point in time other than the valuation date, viz., 31st March, 2013. Any subsequent changes in the industry's/ companies operating conditions may impact the value as computed. We, however, have no obligation to update this report for events, trends or transactions relating to the Company or the market/ economy in general and occurring subsequent to the valuation date.

Furthermore, this Report should not be interpreted by the Shareholders of the Parties as a recommendation in relation to the exercise of voting rights in the Extraordinary General Meeting of the Bank convened to vote on the Merger.

1.2 Indemnification

We shall not be held responsible for any liability (in contract or tort or under statute or otherwise) for any economic loss or damage suffered by the company, or any third party, arising out of or in connection with this engagement, however the loss or damage is caused, including our negligence.

1.3 Sources of information

- Background documents and information on the companies
- Audited financial statements for the companies for the years ended 31st March, 2011, 31st March, 2012 and 31st March, 2013.
- Verbal information and discussions with the management

2. Background:

YICL is a public limited company listed with the Bombay Stock Exchange (BSE). The Transferee Company was incorporated as Yamini Investments Company Limited on 17th day of January, 1983.

FPIL was incorporated as a public company limited by shares on 06th day of May, 2009 as Rok Mobiles India Limited. Thereafter, consequent to change of name, the name of the company was changed to Fidelo Power and Infrastructure Limited with effect from 8th day of November, 2011.

ACTL was incorporated as a public company limited by shares on 9th day of April, 2010 as Anax Com Trade Limited.

3. Valuation

Valuation of share is a result of combination of various factors and attended circumstances related to the business which is being valued. There can be no single method of share valuation, which may be universally applicable, valuation is an exercise, which is influenced to a great extent by affecting factors and thus is not an exact science or a pure mathematical exercise. The valuer has to further depend upon his judgement and imagination to decide about the discounting/capitalisation rates to be applied for the valuation.

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According to standard valuation practice, the fundamental precondition for obtaining significant and comparable valuations in merger transactions is the consistency and comparability of the methods applied according to the characteristics of the companies and/or groups being valued.
In addition, a second fundamental principle often adopted for merger valuations is the "stand alone" assumption. That is, a valuation perspective based on the current configuration and future prospects of the Parties on an independent basis, without taking any potential synergies from the merger into account.

As stated previously, the selected methodologies - which represent recognised techniques, widely used in valuation practice - should not be considered individually, but rather as different parts of a single valuation process. Independent use of the results obtained from each methodology, without duly considering the complementary relationship with other methodologies, will result in loss of the meaningfulness of the valuation process itself.

In selecting and applying the stated methods, we have considered the advantages and limitations implicit in each on the basis of common practice in this sector and its own experience. Further the same valuation method was employed for all the companies to have consistency and since there was no other reasons to use different methods.

On the basis of these considerations and in view of the distinctive characteristics of both the Transferee and the Transferors, the type of transaction and the market sector in which they operate, the following valuation methodologies have been selected:

(a) **Net Asset Value or Net Worth Method**: In the net asset value method, net asset value is computed based on the latest available audited balance sheet. The genesis of this method of valuation lies in the total assets that the companies own. The values of intangible assets are excluded. Loan funds are deducted. The diminution, if any, in the value of assets, not reflected in the accounts is deducted. Contingent liabilities, to the extent that they impair the net worth of the company, are also deducted. The resultant figure represents the net worth of the company on the given day. This method cannot be altogether avoided in a case of a going concern.

(b) **Profit/Price Earning Basis Method**: Earnings potential of the business is the most important determinant in case of going concern. For this purpose, both past and future projected earnings have to be analysed and then capitalised at an appropriate yield rate to arrive at the value of the business. The capitalisation rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E ratios prevailing in the industry etc.

(c) **Market Value Method** : This method can be used for the valuation is by taking the average of the quotes in the stock markets over a period of time for company's shares and further adjusting them for the speculative factor. This method of valuation of the business is used on presumption that stock market quotations reflect the health of the business. This

SMVA & ASSOCIATES Chartered Accountants FRN 008798C New Delhi method should not be used in cases where the markets are being dominated by BULL/BEAR pressures.

However, the market price method becomes redundant as the shares of FPIL and ACTL are not listed on any of the exchanges. Accordingly, our valuation has been based on the Net Asset Value Method and Profit Earning Capacity method.

3.1 **Considering the above facts the net asset value of the companies has been determined as follows:**

3.1.1 The net asset value of YICL is as follows:

Particulars	**Total (Rs.)**
Paid up Equity	24,00,000
Add: Reserves & Surplus	2,74,792
Net Asset Value	**26,74,792**

Hence, the Net Asset Value of "YICL" is determined at Rs. **26,74,792/-** ***(Rupees Twenty Six Lakhs Seventy Four Thousand Seven Hundred and Ninety Two only)***

3.1.2 The net asset value of "FPIL" has been determined as follows:

Equity Share Capital	30,63,17,000
Add: Reserves & Surplus	(27,94,823)
Net Asset Value	**30,35,22,177**

Hence, the Net Asset Value of "FPIL" is determined at Rs. **30,35,22,177/-** ***(Rupees Thirty Crores Thirty Five Lacs Twenty Two Thousand One Hundred Seventy Seven Only)***

3.1.3 The net asset value of **"ACTL"** has been determined as follows:

Equity Share Capital	34,78,41,000
Reserves and Surplus	3,43,137
Net Asset Value	**34,81,84,137**

Hence the Net Asset Value of "ACTL" is determined at Rs. **34,81,84,137/-** ***(Rupees Thirty Four Crores Eighty One Lacs Eighty Four Thousand One Hundred Thirty Seven Only)***

3.2 **Profit Earning Capacity Value Method**

In this method, the average earnings based on the past 3 years are first determined. Adjustments are then made for any exceptional transactions or items of a non-recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of the business.

The PECV is calculated as under, by capitalizing the weighted average post-tax profits of the company for last 3 years at a rate of 15%.

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3.2.1 Calculation of PECV of Equity Shares of YICL

		2012-13	2011-12	2010-11
Profit after tax		56,715	6,526	5,537
Weights	(i)	3	2	1
Weighted average PAT	(ii)	1,70,145	13,052	5,537
Total of Weighted average PAT	(iii) = Total of (ii)	1,88,734		
Total of Weights	(iv) = Total of (i)	6		
Total Weighted average PAT	(v) = (iii) / (iv)	31,456		
Capitalising factor	(vi)	15%		
Value of the business [B]	(v) / (vi)	**2,09,704**		

3.2.2 Calculation of PECV of Equity Shares of FPIL

		2012-13	2011-12	2010-11
Profit after tax		8,57,036	8,48,140	-
Weights	(i)	2	1	-
Weighted average PAT	(ii)	17,14,072	8,48,140	-
Total of Weighted average PAT	(iii) = Total of (ii)	25,62,212		
Total of Weights	(iv) = Total of (i)	3		
Total Weighted average PAT	(v) = (iii) / (iv)	8,54,071		
Capitalising factor	(vi)	15%		
Value of the business [B]	(v) / (vi)	**56,93,807**		

3.2.3 Calculation of PECV of Equity Shares of ACTL

		2012-13	2011-12	2010-11
Profit after tax		3,49,918	269	-
Weights	(i)	3	2	1
Weighted average PAT	(ii)	10,49,754	538	-

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Total of Weighted average PAT	(iii) = Total of (ii)	10,50,292
Total of Weights	(iv) = Total of (i)	6
Total Weighted average PAT	(v) = (iii) / (iv)	1,75,049
Capitalising factor	(vi)	15%
Value of the business [B]	(v) / (vi)	**11,66,993**

3.3 Fair Value per share

Based on the Average of the Net asset value and PECV Method, the fair value of business of the three companies is as tabulated below.

Particulars	YICL	FPIL	ACTL
Net worth of the Companies (A)	26,74,792	30,35,22,177	34,81,84,137
PECV of the Companies (B)	2,09,704	56,93,807	11,66,993
Fair Value of Business (Average of Net asset value and PECV Method) (A + B)/2	14,42,248	15,46,07,991	17,46,75,565
No. of shares (face value Rs. 1/-) (*)	24,00,000	30,63,17,000	34,78,41,000
Fair Value per share	0.60	0.50	0.50

(*) No of shares for YICL are considered after sub division of the face value from Rs. 10/- to Rs. 1/- (which gives 24,00,000 equity shares of Rs. 1/- each instead of 2,40,000 equity shares of Rs. 10/- each) since post merger the face value of YICL is proposed to be sub divided to Rs. 1-/ from Rs. 10/-.

4. Determination of exchange/swap ratio:

Based on the above calculations, the exchange/swap ratio between the companies works out to be as follows:

Particulars	FPIL	ACTL
Fair Value per share	0.50	0.50
Fair Value per share of YICL	0.60	0.60
Exchange Swap Ratio	1: 0.83	1: 0.83

We would like to opine that aforesaid valuation methods to determine the values of the companies as justified on the basis of the fact that these valuation methods are recognised economic methods to calculate enterprise values and the basis for determining the values of companies taking part in the merger are appropriate and in line with recognised principles of company valuation.

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However, taking into consideration the Listing status of YICL that shall be beneficial to the shareholders of FPIL and ACTL, the SWAP Ratio for exchange of shares between the companies may be fixed as follows:

a. Between YICL and FPIL at anything less than 1: 0.83 (i.e approx 8 equity shares of YICL to shareholders holding 10 equity shares of FPIL)
b. Between YICL and ACTL at anything less than 1: 0.83 (i.e approx 8 equity shares of YICL to shareholders holding 10 equity shares of ACTL)

To conclude, in a nutshell, results achieved from the aforesaid valuation methods selected, it can be considered that the Share Exchange Ratio which the Board of Directors of the Parties intends to propose to the General Meeting of Shareholders is, from a financial perspective, fair and in the best interest of the shareholders of YICL.

For SMVA & ASSOCIATES.
Chartered Accountants

SMVA & ASSOCIATES FRN 009758C New Delhi Chartered Accountants

CA Vinod Kumar Bansal
Partner
Membership No: 521838
Place: New Delhi
Dated: 25.04.2013