

Harshesh Jasvani & Associates

Chartered Accountants



Strictly Private and Confidential

To,
The Board of Director(s)
Sword And Shield Pharma Limited
55, World Business House,
Near Parimal Garden, Ambawadi,
Ahmedabad – 380 006

To,
The Board of Director(s)
Praveg Communications Limited
102, Shanti Arcade, Nr. Akash III,
132 Feet Ring Road, Naranpura,
Ahmedabad – 380 013

Subject: Recommendation of Fair Exchange Ratio for the purpose of proposed amalgamation of M/s. Sword And Shield Pharma Limited and M/s. Praveg Communications Limited.

Respected Sir(s),

As requested by the management of **Sword And Shield Pharma Limited** [(CIN - **L24231GJ1995PLC024809**) (hereinafter referred to as "**SSPL**") and **Praveg Communications Limited** – formerly known as Praveg Communications Private Limited [CIN - **U74300GJ2005PLC045833**) (hereinafter referred to as "**PCL**")], I have undertaken the valuation exercise of the equity shares of SSPL and PCL to recommend fair exchange ratio of equity shares for the proposed amalgamation of SSPL with PCL (hereinafter collectively referred to as "**the Companies**").

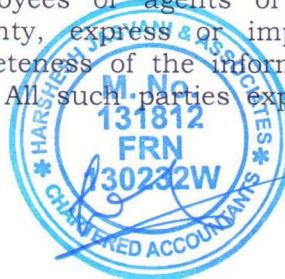
1. PURPOSE OF VALUATION

- i. I have been informed that the management of SSPL & PCL (hereinafter collectively referred to as "the Management") are considering a proposal for the amalgamation of PCL into SSPL (hereinafter referred to as "amalgamation") through a Scheme of Amalgamation (hereinafter referred to as the "Scheme") pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and / or the Companies Act, 1956 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "LODR"). Subject to necessary approvals, PCL would be merged with SSPL, with effect from the appointed Date of April 1, 2016. Accordingly, the valuation date for calculation of the fair share exchange ratio has been taken as March 31, 2016 ('Valuation Date').
- ii. In this connection, M/s. Harshesh Jasvani & Associates, Chartered Accountants, Ahmedabad has been appointed to carry out the relative valuation of equity shares of SSPL and PCL to recommend the share swap ratio.



2. EXCLUSIONS AND LIMITATIONS

- i. My report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- ii. No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- iii. My work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I'm unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- iv. A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the Companies have drawn our attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.
- v. In the course of the valuation, I'm provided with both written and verbal information. I have evaluated the information provided to us by the Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. I assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.
- vi. Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the 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.
- vii. This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory/statutory authorities as may be required under any law.
- viii. M/s. Harshesh Jasvani & Associates, Chartered Accountants, Ahmedabad, nor its managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all



liability for, or based on or relating to any such information contained in the valuation.

- ix. The information contained herein and our report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. 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.

3. BRIEF BACKGROUND OF THE COMPANIES

i. SWORD AND SHIELD PHARMA LIMITED

- Sword And Shield Pharma Limited, is a Public Limited Company incorporated in the state of Gujarat under the Companies Act, 1956 on February 28, 1995 and has obtained Certificate of Commencement of Business from the Registrar of Companies, Gujarat and Dadra Nagar Haweli as on March 7, 1995;
- The main object of the Company is of manufacturing and trading in pharmaceutical and pharmaceutical related products;
- The Trading of Equity Shares of the Company was suspended by the Stock Exchange in the year 2006, however the trading in the Equity Shares of the Company got revoked on January 12, 2017 vide notice no. 20170104-19 from BSE Ltd. dated January 4, 2017.

ii. PRAVEG COMMUNICATIONS LIMITED

- Praveg Communications Limited, was incorporated as a Private Limited Company on April 5, 2005 under the Companies Act, 1956 and simultaneously was converted into a Public Limited Company vide Fresh Certificate of Incorporation dated January 13, 2016;
- The Company is engaged in the business of Exhibitions and Event Managements and is reckoned among the leading Exhibition & Event Management Companies of India, having successfully managed more than 500 national & international exhibitions during the last 16 years. With an in-house modern design studio, a team of qualified and experienced professionals and sophisticated event infrastructure, the Company can execute and manage the most challenging of assignments;
- The Company has its branches set up nationally as well as internationally in New Delhi, India, Mumbai, India, Sydney, Australia and Georgia, United States of America (USA);
- The Company also has 3 Subsidiary Companies viz. M/s. Praveg Tourism Private Limited (CIN: U74120GJ2012PTC069564) in which the Company holds 50.20% of the total Equity Shares, Praveg Communications Aus Pty. Ltd. which is a wholly owned subsidiary Company incorporated in Australia and Praveg Communications USA Inc. which is also a wholly owned subsidiary Company incorporated in the United States of America (USA).



4. SOURCES OF INFORMATION

For the purpose of the valuation exercise, I have relied upon the following sources of information provided by the management:

- a) Draft Scheme of Amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013 and / or the Companies Act, 1956 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Audited financial statements of the Companies for the financial year ended March 31, 2016;
- c) Un-audited financial statements of SSPL for the Quarter and Nine Months ended on December 31, 2016;
- d) Provisional financial statements of PCL for Nine Months ended on December 31, 2016;
- e) Other relevant details regarding the Companies such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;
- f) Such other information and explanations as I required and which have been provided by the management of the Companies.

5. VALUATION BASIS

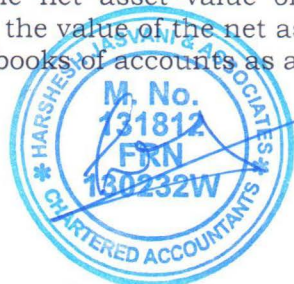
For the purpose of our valuation I have adopted the following approaches:

- a) The "Net Asset Approach"
- b) The "Profit-Earning Capitalization Value Approach"
- c) The "Market Price Approach"

Note: Market Price Method is not applicable, as shares of Praveg Communications Limited are not listed on any recognized stock exchange.

A) The "Net Asset Approach"

- i. In case of the "Net Asset" approach, the value is determined by dividing the net assets of the company by the number of shares. The Underlying Asset approach represents the value with reference to the historical cost of the assets owned by the Company and attached liabilities as at the valuation date. Such value usually represents the support value of a going concern.
- ii. Since the shares are valued on a "going concern" basis and an actual realization of the operating assets is not contemplated, I have considered it appropriate not to determine the realizable or replacement value of the assets. The operating assets have therefore been considered at their book values.
- iii. I have computed the net asset value of the equity shares by adjusting, wherever necessary, the value of the net assets attributable to equity holders as appearing in the books of accounts as at December 2016.



- iv. The underlying value for equity shareholders as arrived above is divided by the diluted number of equity shares to arrive at the value per share.

B) The “Profit-Earning Capitalization Value”

- i. Under this method, value of shares of a company is arrived at by capitalizing its net profits for the past three years i.e. 2013-14, 2014-15 and 2015-16 respectively. Such net profits are then capitalized at a rate, which in the opinion of the valuer, combines and adequate expectation of reward from enterprise and risk, to arrive at the business value.
- ii. To the value so arrived, adjustments are made for deferred tax liability (Net), value of investments, loans and advances to related parties, inter-corporate deposits, contingent liabilities adjusted for profitability of development, etc after making adjustment of tax wherever applicable.
- iii. The value as arrived above is divided by the diluted number of equity shares to arrive at the value per share.
- iv. I have been informed by the management of SSPL that the company is engaged in the business of manufacturing in pharmaceutical industry as well as its allied activities and it had incurred significant losses in past years continuously. Considering this, I have thought fit not to apply this method in case of SSPL.

6. RECOMMENDATION OF FAIR EXCHANGE RATIO

- i. The fair basis of amalgamation of the Companies would have to be determined after taking into consideration of all the factors and methodologies mentioned here in above. Though different values have been arrived at under each of the above approaches, for the purpose 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, I'm not attempting to arrive at the absolute values of the shares of each company. My exercise is to work out relative value of shares of the Companies to facilitate the determination of a ratio exchange.
- ii. The share exchange ratio has been derived on the basis of a relative valuation of the shares of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- iii. In the ultimate analysis, valuation will have to involve the exercise of judicious desecration and judgment taking into account all the relevant factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. 6.3 Supreme Court in *Miheer H. Mafatlal v. Mafatlal Industries Ltd. (Miheer H. Mafatlal v. Mafatlal Industries Ltd. (1996) 4 Comp LJ 124 (SC))* held that once the exchange ratio of the shares of the transferee company to be allotted to the holders of shares in the transferor company has been worked out by a recognized firm



of chartered accountants who are experts in the field of valuation, and if no mistake can be pointed out in the said valuation, it is not for the court to substitute its exchange ratio, especially when the same has been accepted without demur by an overwhelming majority of the shareholders of the two companies. Further, in Viscount Simon Bd in Gold Coast with Selection Trust Limited vs Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval of Suprem Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only in terms of the agreement but a number of factors such as prospective yield, marketability, the general outlook for the type of business of the Company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the Company, so forth. There may also be an element of value in the fact that the holding of the shares give holding of the Company. If the asset is difficult to value but is none the less of a mone value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded nor indeed is it possible.

7. FAIR EXCHANGE RATIO FOR AMALGMATION OF PCL INTO SSPL

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above referred to earlier in this report I have mentioned as per Annexure : 1 attached herewith, in our opinion, a fair ratio of exchange in the event of amalgamation of PCL in to SSPL would be:

75 (Seventy Five) Equity Shares of Sword And Shield Pharma Limited of INR 10/- each fully paid up for 1 (One) Equity share of Praveg Communications Limited of INR 10/- each Fully paid up.

Thanking You,

For, **HARSHESH JASVANI & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN: 130232W

HARSHESH JASVANI
PROPRIETOR
MEMBERSHIP NO: 131812

Date : 29/04/2017
Place : Ahmedabad



**Proposed Amalgamation Sword and Sheild Pharma Limited (SSPL)
with Praveg Communication Limited (PCL)**

Amount In INR

COMPUTATION OF VALUE PER SHARE

<u>Sr. No</u>	<u>VALUATION METHOD</u>	<u>WEIGHT (a)</u>	<u>PRAVEG COMMUNICATIONS LIMITED (b)</u>	<u>(a) * (b)</u>	<u>SWORD & SHIELD PHARMA LIMITED</u>
(A)	VALUE OF SHARES AS PER NET ASSET METHOD AS ON MARCH 31, 2016	1	366.64	366.64	0.21
(B)	VALUE OF SHARE AS PER EARNING CAPITALIZATION METHOD	2	942.72	1885.44	0
Total		3		2252.08	
Weighted Average Value of above				750.69	

Note : The value of per equity share of Praveg Communications Limited comes INR 750.69/- and therefore the value is rounded off to its nearest value for the purpose of better calculations INR 750/-. The new Equity shares issued by Sword & Sheild Pharma Limited to the Equity Share holders of Praveg Communications Limited will be of face value of INR 10/- each. Hence 75 Equity Shares of INR 10/- each fully paid will be issued against 1 Equity Share of Praveg Communications Limited.

For, **HARSHESH JASVANI & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN: 130232W


HARSHESH JASVANI
PROPRIETOR
MEMBERSHIP NO: 131812

