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**Recommendation of Share Exchange Ratio With Reference To The**

**Demerger Of**

**ASIAN WAREHOUSING PRIVATE LIMITED (AWPL)**

**From**

**R. T. EXPORTS LIMITED (RTEL)**

Dear Sirs,

This has reference to the discussion that we had with you, requesting us to undertake the valuation of the equity shares of RT Exports Limited and Warehousing division to be demerged into Asian Warehousing Private Limited (hereinafter referred to as "AWPL") from RT Exports Limited (hereinafter referred to as "RTEL"). For the purpose of Demerger and for recommending a share issue ratio, as requested, we have carried out an independent assessment of the proposed demerger of AWPL from RTEL.

1. RTEL was incorporated on 01<sup>st</sup> May, 1980 as R.T. Exports Private Limited. The name of the company was changed to R.T. Exports Limited with effect from 18<sup>th</sup> December, 1992. The company made its public issue of 12,90,000 equity shares of Rs. 10/- each at a premium of Rs. 23/- per share in the year 1994 and the equity shares of the company are listed on BSE.
2. AWPL is incorporated with the objective for taking over the warehousing business of R.T. Exports Limited. In lieu of Warehousing business, AWPL will issue shares to the shareholders of RTEL. The shares of AWPL are proposed to be listed on BSE.

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

- (a) The Audited Financial Statements of RTEL for the accounting periods ended 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2010, 31<sup>st</sup> March 2011 and provisional financial statement as on 31<sup>st</sup> March 2012.
- (b) Details of Contingent Liabilities as on 31<sup>st</sup> March, 2012, for RTEL.
- (c) Such other information and explanation as we have been provided by the management of RTEL.
- (d) Other publicly available information and reports available from the websites including BSE.





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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. Also we have reviewed the business valuation report as mentioned above of RTEL prepared for arriving at comparative valuation of Warehousing divisions of RTEL.

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

- (a) The "Market" approach for RTEL as its shares are listed on stock exchanges.  
(b) The "Net Asset Value" approach

While Arriving At The Valuations: -

**(a) Market Approach**

As stated earlier, shares of RTEL are listed on Bombay Stock Exchange (BSE). 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. It is also fair considering the de-merger possibility.

**(b) Net Asset Value approach**

Under the "Net Asset 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 and provisional figures of the companies. We have also made appropriate adjustments for the estimated liabilities, etc.

**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.

**A. Preference Shares**

As per the terms of Issue, 9% Cumulative Preference Shares of Rs. 100/- each, fully paid up, are due for redemption on March 31, 2013 and 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each, fully paid up, are due for





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redemption on March 8, 2013. As such these Preference Share Capital has been considered as a short term liabilities of RT Exports Limited (Demerged Company).

**B. Equity Shares**

On the above basis and having regard to the review of the our opinion, a fair ratio of issue shares of AWPL to the shareholders of RTEL on demerger and vesting of Warehousing division to RTEL, the share issue ratio of "(0.80) equity shares of AWPL for every (1) one share of RTEL is recommended".

Yours Faithfully,  
FOR HITESH SHAH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO : 103716W



(HITESH SHAH)  
Membership No: 040999  
PARTNER  
Place: Mumbai  
Date: 13.08.2012

**RT Exports LIMITED**  
**VALUATION BASED ON MARKET PRICE IN ACCORDANCE WITH SEBI REGULATION**

Price on BSE from 13-02-2012 to 12-08-2012

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

Week	Weekly Period		(Amt in `)			
	Sr. No	From	To	High	Low	Average
1		13-Feb-12	19-Feb-12	20.00	18.85	19.43
2		20-Feb-12	26-Feb-12	20.00	19.50	19.75
3		27-Feb-12	4-Mar-12	20.00	19.00	19.50
4		5-Mar-12	11-Mar-12	19.90	19.00	19.45
5		12-Mar-12	18-Mar-12	20.35	19.15	19.75
6		19-Mar-12	25-Mar-12	19.45	18.50	18.98
7		26-Mar-12	1-Apr-12	19.95	16.75	18.35
8		2-Apr-12	8-Apr-12	17.45	15.95	16.70
9		9-Apr-12	15-Apr-12	20.00	18.30	19.15
10		16-Apr-12	22-Apr-12	19.95	19.85	19.90
11		23-Apr-12	29-Apr-12	19.85	18.50	19.18
12		30-Apr-12	6-May-12	19.50	18.60	19.05
13		7-May-12	13-May-12	19.45	18.10	18.78
14		14-May-12	20-May-12	18.95	18.00	18.48
15		21-May-12	27-May-12	19.00	16.80	17.90
16		28-May-12	3-Jun-12	19.95	19.80	19.88
17		4-Jun-12	10-Jun-12	19.90	19.90	19.90
18		11-Jun-12	17-Jun-12	19.90	18.55	19.23
19		18-Jun-12	24-Jun-12	19.65	17.90	18.78
20		25-Jun-12	1-Jul-12	20.00	19.85	19.93
21		2-Jul-12	8-Jul-12	20.00	18.50	19.25
22		9-Jul-12	15-Jul-12	20.00	18.60	19.30
23		16-Jul-12	22-Jul-12	20.00	19.05	19.53
24		23-Jul-12	29-Jul-12	20.00	18.40	19.20
25		30-Jul-12	5-Aug-12	19.65	19.60	19.63
26		6-Aug-12	12-Aug-12	20.00	19.50	19.75
Average Price [A]						19.18

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

Sr. No	Weekly Period Date	High	Low	Average
1	30-Jul-12	19.85	19.65	19.75
	31-Jul-12	19.95	19.65	19.80
	1-Aug-12	19.65	19.65	19.65
	2-Aug-12	19.65	19.65	19.65
	3-Aug-12	19.85	19.60	19.73
2	6-Aug-12	19.95	19.85	19.90
	7-Aug-12	19.70	19.70	19.70
	8-Aug-12	20.00	20.00	20.00
	9-Aug-12	20.00	20.00	20.00
	10-Aug-12	19.50	19.50	19.50
Average Price [B]				19.77

The market price higher of A or B      19.77



VALUATION OF SHARES ON NET ASSETS BASIS AS ON 31-3-2012

(` in Lacs)

CALCUATION OF NET WORTH	DEMERGED DIVISIONS	
	RTEL	AWPL
	31.03.2012	31.03.2012
<b><u>SHARE HOLDER'S FUNDS</u></b>		
Equity Share Capital	435.90	-
Preference Share Capital	1,495.42	-
Reserves & Surplus	678.11	11.16
Less: Reserve & Surplus Adjusted against Goodwill	(342.31)	-
Less: Contingent Liabilities	(252.00)	-
<b>TOTAL</b>	<b>2,015.11</b>	<b>11.16</b>
Add: Reserve on De-merger	-	342.31
<b>Net Worth</b>	<b>2,015.11</b>	<b>353.47</b>
<b><u>TOTAL ASSETS</u></b>		
Fixed Assets and Capital Work in Progress	438.85	226.06
Investments	0.68	0.06
Other Assets	2,187.97	235.56
<b>LESS:-</b>		
Secured Loans	24.96	100.00
Unsecured Loans	35.79	3.00
Current Liabilities	182.37	5.21
Deferred Tax Liabilities	117.27	-
Contingent Liabilities	252.00	-
<b>Net Asset Value</b>	<b>2,015.11</b>	<b>353.47</b>

Net Asset Value		
Net Worth	2,015.11	353.47
Less: Preferential Capital	(1,495.42)	-
<b>Net Worth (` In Lacs)</b>	<b>519.70</b>	<b>353.47</b>

No. of Equity Capital 43.59

NAV Per Share of Face Value of ` 10/- 11.92      8.11



RT EXPORT LIMITED

VALUATION APPROACH

VALUATION APPROACH	Estimated Value per share	
	RTEL	AWPL
<b>Valuation Method:</b>		
Net Asset Value per share	11.92	8.11
Closing Market Price as on June 22, 2012 (Face Value Rs.10/-)	19.77	19.77
Total using both the approach	31.69	27.88
Average Price per share	15.84	13.94
Share Swap Ratio	1.00	0.88
<b>Rounded Off</b>	<b>1.00</b>	<b>0.80</b>

  

No. of Equity Shares to be issued	4,359,000	3,487,200
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\*the share issue ratio of "0.80 Equity Share of Asian Warehousing Pvt. Ltd. for every (1) Equity Share of R. T. Exports Limited"

