

**Report on Valuation of**  
**GOYAL ASSOCIATES LIMITED**  
**As at 31<sup>st</sup> March, 2014**

**J S T & CO**  
**CHARTERED ACCOUNTANTS**  
**MUMBAI**

**1. Scope of Work:**

Our firm M/s. J S T & Co, Chartered Accountants, has been engaged by the Board of Directors of Goyal Associates Limited to provide (the "Mandate") a fair valuation of the shares of Goyal Associates Limited (hereinafter referred to as "GAL") for the purpose of reduction of capital as required under SEBI circular no. SEBI/CFD/DIL/LA/5/2008/4/09 dated September 04, 2008 read with CIR/CFD/DIL/5/2013 dated February 04, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 read with clause 24 (h) of the Listing Agreement.

**1.1 Background:**

GAL is a public limited Company listed with the Bombay Stock Exchange (BSE) and Ahmedabad Stock Exchange (ASE). The Company was incorporated on 14th October, 1994 as Goyal Associates Limited. The Company is also registered with RBI as a Non Banking Finance Company.

**1.2 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 Company for the purpose of 24 (f) read with 24(h) of the Listing Agreement 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 fulfilling this Mandate and performing the valuations, we have relied on the truth, completeness and accuracy, in all respects, of the documents, facts, data and information provided by the Company, 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 Company.



This 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 and for the purpose of reduction of capital as per section 100 the Companies Act, 1956 (section 66 of Companies Act, 2013).

The value ascertained in this report is not intended to represent the value of the Company at any point in time other than the valuation date, viz., 31st March, 2014. Any subsequent changes in the industry's/ Company's 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 Party as a recommendation in relation to the exercise of voting rights in the Extraordinary General Meeting of the Company convened to vote for reduction of capital. The shareholders may rely on this report for the purpose of clause 24 (f) read with 24(h) of the Listing Agreement with Stock Exchange and for the purpose of fairness opinion and reduction of capital as per section 100 of the Companies Act, 1956 (section 66 of Companies Act, 2013).

### 1.3 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.



**1.4 Sources of information**

- √ Background documents and information on the Company
- √ Audited financial statements for the Company for the years ended on 31st. March 2014, 2013 and 2012
- √ Verbal information and discussions from/with the management.

**2. Valuation**

We have followed the operating guidelines for valuation of business as per the Accounting Principles and adopted the methodology i.e. calculation of net worth of the Company by Net Asset Value method.

**2.1 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 Company 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.

**2.1.1 Considering this fact, the Net Asset value of GAL is as tabulated below:**

Particulars	Total (Rs.)	Total (Rs.)
Paid up Equity Share Capital		5,07,50,000
<b>Add: Reserves and Surplus</b>		----
Debit balance in the Profit and Loss Account	(6,44,08,313)	
<b>Net Asset Value</b>		(1,36,58,313)

Hence the Net Asset Value of "GAL" is determined as Rs. (1,36,58,313) and the Net Worth of the Company has eroded completely. Based on the above workings, the per share value of 'GAL' comes to Rs. (0.27).

**J S T & C O**  
**CHARTERED ACCOUNTANTS**

**3. Opinion on Valuation:**

For the purpose of reduction of capital, based on Net Assets valuation method, the Net Worth of the Company as on 31.3.2014 was of Rs. (1,36,58,313/-) and the capital of the Company was eroded completely and the per value of each of the equity Share of face value of Re.1/- each was of Rs. (0.27).

For J S T & C O  
Chartered Accountants  
FRN: 328493E



*[Handwritten Signature]*

CA. SURJIT TOSHNIWAL  
PARTNER  
Membership No: 059801  
Place: Mumbai  
Dated: 24<sup>th</sup> July, 2014