

# Chartered Finance Management Ltd.

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Date: 12<sup>th</sup> September, 2014

The Board of Directors,  
Goyal Associates Limited,  
215, Sakar – 2,  
Near Ellisbridge Corner,  
Ahmedabad - 380006.

Re: Fairness Opinion on Valuation Report issued by Valuer M/s. J S T & Co. - Chartered Accountants dated 24<sup>th</sup> July 2014 to ascertain the fair value of equity shares as on 31<sup>st</sup> March 2014 for the purpose of reduction of Share Capital of the Company.

Dear Sirs,

1. Background & purpose of engagement

Goyal Associates Ltd. ("GAL" or "Company") a public limited company, having its shares listed on the Bombay Stock Exchange Limited ("BSE") having scrip code and scrip ID as 530663 and GOYALASS respectively and Ahmedabad Stock Exchange Limited ("ASE") having its company code 19629.

The Company was incorporated 14<sup>th</sup> October 1994. The registered office of GAL is 215, Sakar – 2, Near Ellisbridge Corner, Ahmedabad - 380006 Gujarat. The CIN of the Company is L74999GJ1994PLC023281.

As per the audited financial result for the year ended March 31, 2014, the Authorized Share Capital of the company is of Rs 6,40,00,000 /- (Rupees Six Crore Forty Lacs Only) divided into 6,40,00,000 Equity Shares of Re. 1/- each. The issued, subscribed and paid up equity share capital of the company consists of Rs. 5,07,50,000/- (Rupees Five Crore Seven Lacs Fifty Thousand Only) divided into 5,07,50,000 equity shares of Re. 1/- each.

The accumulated loss of the company as on 31st March 2014 is Rs. 6,44,08,313/-. After reduction, the existing capital of the company would be reduced to Rs. 25,37,500/- (Rupees Twenty Five Lacs Thirty Seven Thousand Five Hundred Only) divided into 25,37,500 equity shares of Re. 1/- each.

As a part of structuring and maximizing the enterprise value, the Company is proposing to reduce its capital.

As per Clause 24(h) of the Listing Agreement, a listed company which is getting merged/ amalgamated/ reconstructed, etc. shall be required to appoint an independent Merchant Banker for giving a "Fairness Opinion" on the valuation of assets/ shares done by the Valuer for the listed company, for submitting the said report to the Stock Exchange for their approval.



## 2. Scope of Engagement

As required under Clause 24 of the Listing Agreement, Chartered Finance Management Limited ("CFML"), a SEBI Registered Merchant Banker (SEBI Reg. No. INM000012052) empowered to give a Fairness Opinion Report (hereinafter referred to as "Report") to GAL based on the valuation report, issued by M/s. J S T & Co., Chartered Accountants dated 24<sup>th</sup> July 2014, to ascertain the fair value of equity shares for the purpose of reduction of Share Capital of the Company.

## 3. Source of Information:

We have relied on the following information of the Company in conducting Fairness Opinion on Valuation Report issued by the said Chartered Accountants dated 24<sup>th</sup> July 2014, to ascertain the fair value of equity shares for the purpose of reduction of Share Capital of the Company.

1. Valuation Report issued by M/s. J S T & Co., Chartered Accountants dated 24<sup>th</sup> July 2014 signed by Mr. Surjit Toshniwal, Partner, Membership No. 059801 to ascertain the fair value of Company as on March 31, 2014 for purpose of reduction of share capital.
2. Audited financial statement of the Company for the year ended March, 31 2014;
3. Memorandum and Articles of Association of GAL;
4. Draft Scheme of Reduction of Capital pursuant to Section 100 to 104 of the Companies Act, 1956 (Section 66 of the Companies Act, 2013) &
5. Such other information, documents, data, reports, discussion and verbal & written explanations from the Company as well as advisors for reduction to the Company, Public Domain Website, as were considered relevant for the purpose of the Fairness Opinion.

## 4. Content of Valuation Report issued by M/s. J S T & Co. - Chartered Accountants dated 24<sup>th</sup> July 2014 signed by Mr. Surjit Toshniwal, Partner, Membership no. 059801 to indicate the fair value of the equity share of the company

## 5. Company as on March, 31 2014 for the purpose of reduction of share capital:

Summary of said valuation is as under:

Valuation Working & Recommendation by the Valuer:-

**Net Asset Value Method:**

*[negative figures are in "()"]*

Particulars	Total
Issued, Subscribed and Paid up Capital	5,07,50,000
<b>Add: Reserve and Surplus</b>	
Debit Balance in the Profit and Loss Account	(6,44,08,313)
<b>Net Assets Value</b>	<b>(1,36,58,313)</b>



In accordance with Accounting Principles and based on the Net Asset Value method the Valuer has stated that the fair value of the equity share of the company is negative Rs. 0.27 per share of face value of Re. 1/- each.

6. Fairness Opinion on Valuation Report issued by M/s. J S T & Co., Chartered Accountants, to ascertain the fair value of equity shares as on 31, March 2014 for the purpose of Reduction of Share Capital of the Company:

*Based on the facts discussed, exclusions and limitation mentioned and subject to our disclaimer as mentioned below. We state that in our opinion, the value per share of the company given by M/s. J S T & Co., Chartered Accountants dated 24<sup>th</sup> July 2014 apparently is Fair and Reasonable.*

7. Disclaimer/ Limitation/ Warranties And Caveats:

- a) This report is prepared by CFML solely for the purpose and scope set out in this report. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued and the purpose mentioned herein. We will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the report without our written permission in each instance. The material is true only as of the date of this letter. We assume no responsibility to update or revise the opinion based upon events or circumstances that occur later on.
- b) We have provided this report based on the information provided, explanation given, draft scheme of arrangement provided to us, representations made by management of GAL, and the certificate of M/s. J S T & Co., Chartered Accountants, to ascertain the fair value of equity shares as on March 31, 2014 for the purpose of reduction of share capital of the Company.
- c) We have also not factored any tax implications or any financial or tax planning which GAL might take in future. We have solely relied on explanations, information, papers, reports, documents and/ statements provided by the respective managements only and accepted all those information provided to us as consistent and accurate on "as is" basis and have considered the information provided by them in this report is in good faith and without negligence in the belief that such information is neither false not misleading.
- d) This report is issued on the understanding that the Management of GAL has drawn our attention to all matters of which they are aware concerning the financial position of the business of the Company, which may have an impact on our opinion up to the date of issue. Our views are necessarily based on economic market and other conditions currently in effect. We, however, have no obligation to update this Report for events, trends of transactions relating to the company of the market/economy in general an occurring subsequent to the date of this report. We reserve the right to amend or replace



the Report at any time. We do not hold ourselves responsible of liable, for any losses, damages, cost, expenses or outgoings whatsoever and howsoever caused, incurred, sustained or arising out of errors due to false, misleading, wrong provisioning, assurance or incomplete information or documentation being provided to us or due to any acts, or omissions of any other person.

- e) We have no interest in GAL and the fees for this report are not contingent upon the value reported herein. Our fairness Opinion on the Valuation report should not be construed as investment advice, specifically we do not express any opinion on the suitability or otherwise of entering into any transaction with GAL. Further, neither CFML nor the members of the team working on the Fairness opinion on valuation report have directly or indirectly, through the client or otherwise shared any advisory perspective or have been influenced or undertaken advocating a management position in determining the value
- f) We owe responsibility to only the directors of the Company who have retained us. CFML does not accept any liability to any third party in relation to the issue to this report. Neither this Report nor its contents may be referred to or quoted in any resignation statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without our prior written consent except to Equity Shareholders of GAL, Bombay Stock Exchange Limited, Ahmedabad Stock Exchange Limited or Securities Exchange Board of India. We retain the right to deny permission for the same.
- g) We also certify and confirm that we are Category I Merchant Banker registered with Securities and Exchange Board of India and that the registration is valid as of the date of signing of this report.

For Chartered Finance Management Limited



Louis Zacharias  
CEO

