



Valuation Report- Parth Aluminium Limited

To,
Board of Director,
Parth Aluminium Limited,
Ahmedabad.

Dear Sir,

Ref: Valuation of Shares For the purpose of Scheme of Capital Reduction of Parth Aluminium Limited under Section 100 to 104 of the Companies Act, 1956

1. Scope of Work:

Our firm M/s. R. K. Mansharamani & Co., Chartered Accountants, has been engaged by the Board of Directors of **Parth Aluminium Limited** to provide (the "Mandate") a fair valuation of the shares of **Parth Aluminium Limited** (hereinafter referred to as "PAL") 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.

2. Background:

Parth Aluminium Limited is a public limited Company listed with the Bombay Stock Exchange (BSE) and Ahmedabad Stock Exchange (ASE). The Company was incorporated on 30th December, 1991.

3. Highlights Of The Scheme Of The Capital Reduction:

We understand that undergoing the scheme of capital reduction is proposed as there are continuous losses in the company and it has substantially wiped off the value represented by the Share Capital of the company.

The Capital reduction does not lead to any changes in net worth of the company as the company would write off preliminary expenses of Rs.1,922,013 and part of the debit balance in Profit & Loss account to the extent of Rs.2,65,77,987 aggregating to Rs.2,85,00,000/- by cancelling 28,50,000 equity shares of Rs.10/- each fully paid-up, which has lost or is unrepresented by available tangible assets, by issuing 4 new equity shares of Rs.10/- fully



paid-up against present holding of 10 equity shares of Rs.10/- each fully paid-up. After such reduction the resultant paid up capital of the Company will be Rs. 1,90,00,000/- divided into 19,00,000 equity shares of Rs. 10/- each fully paid up.

4. **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., 30th September, 2014. 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 Company as a recommendation in relation to the exercise of voting rights in the Extraordinary General Meeting of the Company to be 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).

5. **Sources of information**

In the process of determining the fair value of shares of the Company, we have had several discussions with the management of the Company in order to determine the historical background of the company, nature of the business, business model processed, future plans of the Company as also the rationale of the proposed capital reduction and benefits likely to accrue from such exercise.

We have further relied on the following documents / information provided to us for our perusal:

- Background documents and information on the Company

A handwritten signature in black ink is written over a circular stamp. The stamp contains some text, but it is mostly illegible due to the signature and the quality of the scan. The signature appears to be a stylized name.

- Audited financial statements of the Company for the period (6 Months) ended on 30th September, 2014.
- Data regarding trading of the shares of the Company on Bombay Stock Exchange
- Verbal information and discussions from/with the management.

6. Valuation Methods

Valuation of Shares is a subjective exercise and is dependent upon various parameters adopted, method employed, perception of the risk involved, assumption made and judgmental analysis. Further, in the assignment before us it is necessary that we arrive at the value of the share so that the continues to have a sustainable equity capital.

The analysts have used different method in valuation of the shares. The methods tend to change keeping in mind the objective of valuation, nature of the Company, availability of the accurate data and instructions of the participating company. Different methods produce different results and therefore it is very important for the analyst to choose appropriate method an state reason for selecting a particular method.

There are many methods that can be used for valuation of shares. Some of the popular one are:

- 1) Net Assets Value method based on
 - a) Market value of assets
 - b) Book value of the assets
- 2) Going Concern Valuation or Capitalization of Earning methods
- 3) Average quoted price of the equity shares on Stock Exchange in case of listed Companies.

6.1 Net Assets Value method

This method involves determining the value of the company on the basis of value of the assets and liabilities as disclosed in its periodical statements as adjusted by any known increase or decrease in the value of the assets or liabilities disclosed therein. This is one of the most conservative approaches in valuation and many times treated as the minimum value for any transaction.

The Net Worth or the Net Asset value of the Company is calculated by deducting the total outside liabilities and the estimated value of contingent liabilities not provided for in the books from the total value of tangible assets & intangible assets in the nature of patents & copyrights. The total value of the assets for this purpose does not include miscellaneous expenditure to the extent not written off such as preliminary expenses and other deferred revenue expenditure.

However, the question arises as to what should be the value of the assets. While one approach suggests that to assess the true net worth of a Company, one should rely on the



market value of the Company's assets. In such case, the assets are re-valued by a registered valuer for the purpose of determining the true net worth of the company. This method is particularly used when stress of the valuation is on the market value of the assets held by both the companies and the exercise involves relinquishment of rights in one set of assets in exchange of other.

Alternatively, one may also rely on the book value of the assets as reflected by the latest audited balance sheet. In such case, the net worth can also be arrived at by deducting miscellaneous expenditure to the extent not written off and estimated value of contingent liabilities from the sum of paid up share capital and reserves and surplus.

6.2 Profit Earning Capacity Valuation Method

Under this method, the value of the shares of a company is measured by its ability to earn profit. In determining the going concern values, the assumption is that the future earnings are being bought and sold, so it is necessary to establish a worth of these earnings, which will satisfy both the buyer and seller. Once the value is determined by adopting this method, other tests are also applied to find out whether the investment is sufficiently covered by the assets that the Company possesses.

This method to be adopted in any particular case would depends on the facts and circumstances of the case.

6.3 Method Adopted

In present case, we have adopted the Book Value of Assets Method since the Market Value of Assets Method is not applicable in the said case as the Company does not have any significant assets and on the same account the Market Value of Assets will be very negligible.

The profit Earning Capacity Valuation will also be not applicable in the case as the Company is not into any significant or sustainable business activity as of now.

7. Valuation of the Company

Net Asset value Method (At Book Value)

As per the Audited Balance Sheet of the Company for the period (6 Months) ended on 30th September, 2014, the Net Worth of the Company is at Rs. 1,72,14,586/- as per details given below:

Particulars	Total (Rs.)
Paid Up Equity Share Capital	47,500,000
Add : Reserves and Surplus	-
Debit Balance in the Profit and Loss Account	(28,363,401)
Less: Preliminary & Pre-Operative Exp	1,922,013
Net Asset Value	1,72,14,586
No. of Equity shares	47,50,000
Value per share	Rs. 3.62



Hence the Net Asset Value of "PAL" is determined as Rs. 1,72,14,586/- Based on the above workings, the per share value of 'PAL' comes to Rs.3.62/-.

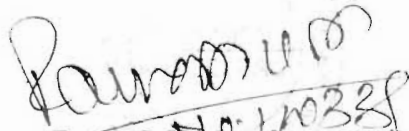
1. **Opinion On Valuation :**

For the purpose of reduction of capital , based on Net Assets Valuation method, the Net Worth of the company as on 30.09.2014 was of Rs 1,72,14,586/- and the number of equity shares of the Company is 47.50.000, therefore per value of each equity share of face value of Rs.10/- each is Rs.3.62.

Date: 10.03.2015

Place: Ahmedabad

For, R. K. Mansharamani & Co.
Chartered Accountants


(Ramesh K Mansharamani)
Proprietor