

**FAIRNESS OPINION**

**GOLKONDA ALUMINIUM EXTRUSIONS LIMITED**

**19<sup>th</sup> March, 2018**



**Corporate  
Professionals**

**Strictly Private & Confidential**

Corporate Professionals Capital Private Limited

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Ref. No: CPC/MB/314/2017-18

Dated: 19<sup>th</sup> March, 2018

SEBI Reg. No: INM000011435

To,

The Board of Directors

**GOLKONDA ALUMINIUM EXTRUSIONS LIMITED**

House No.A-2/78-B, Keshav Puram,

New Delhi-110035

**Subject: Fairness Opinion on the Networth Certificate undertaken by "Kapoor Jain & Associates, Chartered Accountants" dated 19.03.2018 in the proposed Scheme of Reduction of Share Capital of Golkonda Aluminium Extrusions Limited.**

Dear Sir,

We refer to the request made by the management of **Golkonda Aluminium Extrusions Limited** (here-in-after referred to as "GAEL" / "the Company") for the purpose of arriving at an opinion on the Networth Certificate, dated 19.03.2018, issued by **M/s KAPOOR JAIN & ASSOCIATES, Chartered Accountants** in respect of the proposed Reduction of Share Capital of Company pursuant to a Scheme ("**Proposed Scheme**" / "**Scheme**") to be sanctioned by National Company Law Tribunal ("**NCLT**") of relevant jurisdiction under section 66 read with section 55 and section 52 of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016.

With reference to the above, **Corporate Professionals Capital Private Limited** has been appointed as Merchant Banker by the management of the Company to provide a Fairness Opinion on the Networth certificate, dated 19.03.2018, issued by **M/s KAPOOR JAIN & ASSOCIATES, Chartered Accountants**.

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion.

The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as "Listing Regulations") read with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017,

It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosure and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

**Yours Faithfully**

**For Corporate Professionals Capital Private Limited**



**Chander Sawhney**

**[Partner & Head - Valuation]**





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**CONTEXT AND BACKGROUND**

We understand that GAEL is a public limited company having its equity shares listed at BSE Limited ('BSE') having CIN L74999DL1988PLC330668 incorporated in the name of Progressive Aluminum Limited on the 22<sup>th</sup> Day of August, 1988, under the provisions of the Companies Act, 1956. Subsequently, the name of the Company was changed from "Progressive Aluminum Limited" to "Pennar Profiles Limited" and fresh certificate of incorporation was issued on 8<sup>th</sup> Day of March, 1994. The name of the Company was again changed from "Pennar Profiles Limited" to "Alumeco India Extrusion Limited" and fresh certificate of incorporation was issued on 3<sup>rd</sup> February, 2006. The name of the company was again changed from "Alumeco India Extrusion Limited" to "Golkonda Aluminium Extrusions Limited" and fresh certificate of incorporation was issued on 6<sup>th</sup> Day July, 2015. The registered office of the Company is situated at House No. A-2/78-B, Keshav Puram, New Delhi – 110035. Now, pursuant to a scheme under section 66, section 52 and section 55 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company) Rules, 2016, the Company intends to undertake the Reduction of Share Capital based on Management Certified Financial Statements dated as 28<sup>th</sup> February, 2018.

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 the Listed Company shall submit the "Fairness Opinion" obtained by a Merchant Banker on the Valuation of assets / shares done by the Valuer for the listed entity and unlisted company.

With reference to the above, we, **Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker**, have been appointed by GAEL to provide the "Fairness Opinion" on the same.

**KEY FACTS & CERTAIN EXTRACTS OF THE SCHEME**

- As per Part-II of Scheme, Reduction of Share Capital, Para 1.7: The Capital Reduction and the revised structure of the share capital of the Company shall be reflected in the books of accounts of the Company in the following manner as on the effective date.

The Capital structure of the Company and accumulated losses, as on 28<sup>th</sup> February, 2018, has been as under:

Particulars	Amount in INR
<b>Authorized Share Capital</b>	
12,500,000 Equity Shares of INR 10/-each	125,000,000.00
3,500,000 Preference Shares of INR 10/- each	35,000,000.00
<b>Issued, Subscribed and Paid up Share Capital</b>	
12,397,113 Equity Shares of INR 10/-each	123,971,130.00
3,424,000 Preference shares of INR 10/- each	34,240,000.00
<b>Total</b>	<b>158,211,130.00</b>

Accumulated losses of the Company as on 28<sup>th</sup> February, 2018 in the books of accounts of the Company are INR 106,969,089.00/- (Rupees Ten Crores Sixty Nine Lacs Sixty Nine Thousands and Eighty Nine only).



The Capital structure of the Company Post Reduction of Share Capital shall be as follows:

Particulars	Amount in INR
<b>Authorized Share Capital</b>	
12,500,000 Equity Shares of INR 10/-each	125,000,000.00
3,500,000 Preference Shares of INR 10/- each	35,000,000.00
<b>Issued, Subscribed and Paid up Share Capital</b>	
3,719,134 Equity Shares of INR 10/-each	37,191,340.00
1,540,800 Preference shares of INR 10/- each	15,408,000.00
<b>Total</b>	<b>52,599,340.00</b>

Post reduction of share capital, the accumulated losses shall be:

Particulars	Amount in INR
<b>Accumulated Losses</b>	Nil

- **As per Part-II of Scheme, Reduction of Capital, Para 1.2:**

Issued, subscribed and paid up Equity Share Capital of the Company be reduced by 70% to wipe off the substantial accumulated losses of the Company. The Existing issued, subscribed and paid-up equity share capital of Rs.123,971,130/- (Rupees Twelve Crores, Thirty Nine Lacs, Seventy One Thousands, One Hundred and Thirty Only) divided into 12,397,113/- (One Crore, Twenty Three Lacs, Ninety Seven Thousands, One Hundred and Thirteen) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs. 37,191,340 (Rupees Three Crore, Seventy One Lacs, Ninety One Thousands and Three Hundred Forty Only) divided into 3,719,134/- (Thirty Seven Lacs, Nineteen Thousands, One Hundred and Thirty Four ) equity shares of Rs.10/- (Rupees Ten Only) each.

- **As per Part-II of Scheme, Reduction of Capital, Para 1.3:**

The Preference Share Capital of the Company shall stand reduced from Rs. 34,240,000/- (Rupees Three Crores, Forty Two Lacs and Forty Thousands Only) divided into 3,424,000/- (Thirty Four Lacs, Twenty



Four Thousands Only) preference shares of Rs. 10/- (Rupees Ten Only) each to Rs. 15,408,000 (Rupees One Crore, Fifty Four Lacs and Eight Thousands Only) divided into 1,540,800/- (Fifteen Lacs, Forty Thousands and Eight Hundred Only) Preference shares of Rs.10/- (Rupees Ten Only) each. The aforesaid reduction of paid up preference share capital shall be effected by cancelling 55% holding of preference shareholders of the Company.

- **As per Part-II of Scheme, Reduction of Capital, Para 1.4:**

The balance accumulated losses would be adjusted against the Securities Premium Reserves and accordingly Securities Premium Reserve would be reduced from Rs. 1,997,175/- (Rupees Nineteen Lacs Ninety Seven Thousands One Hundred and Seventy Five Only) to Rs. 639,876/- (Rupees Six Lacs Thirty Nine Thousands Eight Hundred and Seventy Six Only).





**NET WORTH CERTIFICATE ISSUED BY CHARTERED ACCOUNTANT**

Particulars	Amount (in Rs.)	
	Pre-Reduction	Post Reduction
	(based on the Financials for the period ended February 28, 2018)	
<b>Paid-up Share Capital:</b>		
Equity Share Capital	12,39,71,130	3,71,91,340
Preference Share Capital	34,240,000	15,408,000
<b>Reserves &amp; Surplus (Excluding Revaluation Reserves)</b>		
Capital Investment Subsidy Reserve	3,06,000	3,06,000
Capital Reserve	8,500	8,500
Securities Premium Reserve	19,97,175	6,39,876
Surplus/ (Deficit) in statement of Profit & Loss A/c	(10,69,69,089)	0
<b>Net Worth</b>	<b>53,553,716</b>	<b>53,553,716</b>

**CONCLUSION & OPINION**

- With reference to above and based on information provided by the Management of the Company forming part of the scheme for which a petition to be filed under section 66, section 52 and section 55 of the Companies Act, 2013 and National Company Law Tribunal (Procedure For Reduction of Share Capital of the Company) Rules, 2016, we have been represented by the management that the present Arrangement has been structured to write off the accumulated losses out of the Equity Share Capital, Preference Share Capital and Securities Premium Reserve so as to give a true and Fair view of the financial statement of the company.
- The Scheme envisages that the proposed reduction in capital (Equity Share Capital and Preference Share Capital) neither involves any financial outlay/ outgo on the part of the Company nor does it directly or indirectly involves any outflow of the company's assets to its shareholders.
- The Pre and Post capital reduction shareholding pattern and Net worth of company shall remain the same as per Net worth Certificate issued by M/s Kapoor Jain & Associates, Chartered Accountants, dated 19<sup>th</sup> March, 2018.
- The Certificate issued by M/s Kapoor Jain & Associates, Chartered Accountants, dated 19<sup>th</sup> March, 2018 confirms that valuation is not required in term of para (I)(A)(9)(b) of Annexure I of SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017.

*"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 we have reviewed the Networth Certificate of the Statutory Auditor of the Company M/s KAPOOR JAIN & ASSOCIATES, Chartered Accountants and are of the opinion that the proposed reduction of capital may be taken as fair and reasonable from the perspective of Equity Shareholders of the Company."*



**CAVEATS**

- We wish to emphasize that, we have relied on explanations and information provided by the management and other public available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the management of Company.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Company and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion. This opinion is issued on the understanding that the Management of the Company under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.