

**REPORT ON FAIR VALUATION
OF
EQUITY SHARES
OF
INLAND PRINTERS LIMITED
AS AT 15th February, 2016**

Prepared by:
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1. Introduction:

1.1. **Terms of Reference:**

We have been appointed by management of Inland Printers Ltd ("INLAND") to prepare a Valuation Report for valuation of Equity Shares of the Company for the proposed reduction of capital of the Company.

1.2. **Scope:**

Section 2 describes our scope in preparing this Report. Section 3 deals with Objective of the Report. Section 4 deals with Company Profile. Section 5 deals with Valuation Methodology. Section 6 deals with Basis of Valuation and Assumptions and Section 7 gives the Valuation Process and Approach.

1.3. **Appointment:**

1.3.1. The Board of Directors of INLAND at their Meeting held on 22nd February, 2016 has passed necessary resolution to appoint Independent Chartered Accountants to determine valuation of shares for the proposed deduction of capital of INLAND.

1.3.2. In accordance with the same, the Company has appointed our firm M/s Samdani & Hamirwasia, Chartered Accountants vide letter dated 22nd February, 2016 to determine value of equity shares of the Company in the proposed reduction.

2. Scope:

2.1. **Terms of Reference:**

2.1.1. Our firm has been engaged by the management of INLAND to prepare and submit for consideration of the Board of Directors of INLAND the value of shares of the company as at 15th February, 2016 for the proposed reduction of capital of INLAND.



- 2.1.2. This report states, what in our opinion, is a fair and equitable value per equity share for the proposed reduction of capital of the Company.
- 2.1.3. This report is subject to the scope limitations mentioned hereinafter. This report is to be read in totality and in conjunction with the relevant documents referred to in the report and it should not be read in parts.

2.2. Methodology:

- 2.2.1. We have relied solely on the information and data supplied by INLAND, making no more than brief reviews, consisting of inquiries from personnel and certain review procedures. Consequently, the accuracy of the valuation will be based on the reasonableness and reliability of the information and data supplied and our opinion will be subject to this factor.
- 2.2.2. We have prepared this Report on the basis of the documents and information received from the company.

2.3. Limitation of Liability:

- 2.3.1. We have prepared this report as per the appointment made by INLAND solely for the purpose of determining the valuation of equity shares for the proposed reduction. The report is to be used only by INLAND. It is not to be distributed to anyone other than INLAND or to be referred or quoted, in whole or in part without our prior consent, except for the purpose of reduction of capital. We will not accept responsibility in relation to any party other than INLAND who have appointed us for the purpose of this exercise.
- 2.3.2. We do not accept any liability to any third party in relation to the issue of determination of value of equity shares for the proposed reduction.
- 2.3.3. As per our policy, neither the firm & partners nor any employee undertakes the responsibility arising in any way whatsoever, to any person other than INLAND in respect of the matters dealt with in this report including any



errors or omissions therein, arising through negligence or otherwise, howsoever caused.

- 2.3.4. We do not make any recommendation as to whether INLAND should proceed with the proposed reduction of capital based on the value of equity shares for the proposed reduction.

2.4. Sources of Information:

We have relied upon the following sources of information:-

- 2.4.1. For our analysis, we have relied on published and secondary sources of data, some of which may not necessarily be accurate or current.
- 2.4.2. We have based our analysis on Audited Statements of Accounts and Annual Reports of

INLAND:

- (a) Audited Financials for the year ended 31st March 2015
- (b) Unaudited Financials for the half year ended 30th September, 2015
- (c) Memorandum and Articles of Association of the Company
- 2.4.3. Other information and statement of facts submitted to us, orally or in writing by the company and discussions with the Directors of the company.

2.5. Disclaimer:

- 2.5.1. Nothing contained in this Report should be construed to be an express or implied representation as to the future. We have relied upon the information and data provided as above by the company without checking them for accuracy or reasonableness. No responsibility is assumed for the matters of legal nature.
- 2.5.2. The information presented in this report does not reflect outcome of any diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and the valuation materially.



2.5.3. We have not considered any finding made by other external agencies in carrying out this work.

2.5.4. For our valuation, we have relied on published and secondary sources of data, some of which may not necessarily be accurate or current.

3. Objective of the Report:

To arrive at the valuation of the equity shares of INLAND for the proposed reduction of capital, the said valuation is to be arrived at on the basis of the fair value of the shares of the Company. Accordingly, this Report has been prepared for the purpose of arriving at a fair value of the shares of the Company.

4. Company Profile:

Inland Printers Limited, having its registered office at 800, 8th Floor, Sangita Ellipse, Sahakar Road, Vile Parle (E), Mumbai 400 057 was engaged, inter alia, in the business of printing of prospectus, application forms, Annual Reports, MICR Certificates and other commercial print jobs. There has been no manufacturing activity in the recent past. Currently, the company undertakes small activities related to consultancy in the field of E-Commerce.

The Shareholding Pattern of Inland Printers Limited as at 31st December 2015 is as follows:

SR. NO.	PARTICULARS	% OF HOLDING
1.	Promoters & Promoters Group	56.65%
2.	Public	43.35%
	TOTAL	100.00%



We have perused the Audited Balance Sheet & Profit & Loss Account of the Company for the year ended 31st March 2015 and Unaudited Balance Sheet & Profit & Loss Account of the Company for six month ended 30th September 2015 and the data is reproduced as under:

Balance Sheet of Inland Printers Limited as at		
Particulars	31 st March 2015	30 th September 2015
EQUITIES & LIABILITIES		
Shareholders' Funds:		
Equity Share Capital	73,046,500	73,046,500
Reserves & Surplus	(74,761,757)	(75,091,818)
Current Liabilities:		
Short-Term Borrowings	1,917,865	2,224,133
Other Current Liabilities	34,200	60,349
Total	236,808	239,164
ASSETS		
Current Assets:		
Cash & Bank Balances	236,808	239,164
Total	236,808	239,164

Statement of Profit & Loss of Inland Printers Limited for		
	Year Ended 31 st March 2015	6 Month Ended 30 th
Revenue		
Revenue from Operations	50,000	125,000
Expenses:		
Finance Costs	320	Nil
Other Expenses	367,370	485,061
Total	367,690	485,061
Profit/ (Loss) Before Tax	(317,690)	(360,061)
Tax Expense	Nil	Nil
Profit/ (Loss)	(317,690)	(360,061)



5. Valuation Methodology:

There are several methods available for arriving at fair value of shares of a Company.

Some of the recognized methods are as under:

- a) Net Asset Value Method (NAV)
- b) Profit Earning Capacity Method (PECV)
- c) Market Price Method (MV)

The methods available for valuation are discussed in brief as under:

a) Net Asset Value Method (NAV):

This method of valuation indicates the asset backing to the business. Though this method is inconsistent with the 'going concern' concept, it is definitely indicative of the minimum net worth of the business. For the purposes of arriving at NAV per share, the miscellaneous expenses carried forward, accumulated losses, total outside liabilities, revaluation reserves and capital reserves (except subsidy received in cash) shall be reduced from the value of the total assets and the net figure so arrived at shall be divided by the number of equity shares issued and paid up. Alternatively, intangible assets shall be reduced from the equity capital and reserves (excluding revaluation reserves) and the figure so arrived at shall be divided by the number of equity shares issued and paid-up.

b) Profit Earning Capacity Value (PECV) Method:

This method of valuation presumes the continuity of business and uses the past and projected earnings to arrive at an estimate of future maintainable profits. For the purpose of the Profit Earning Capacity Value (PECV) of the shares, the commonly accepted approach is to capitalize average earnings, past and projected at an appropriate rate of capitalization, to arrive at a fair value per share. In the calculation of PECV, provision for taxation at the current statutory rate is normally considered because the crux of estimate in the PECV lies in the future maintainable profits of the business. It should not be overlooked that the valuation is for the



future and that it is the future maintainable streams of earnings that is of greater significance in the process of valuation.

c) Market Price Method:

Under this method, the fair value of the shares is arrived at on the basis of price quoted at recognized Stock Exchanges. This method is useful only for Companies whose shares are quoted on a Stock Exchange.

6. Basis of Valuation and Assumptions:

We have based our valuation exercise on the widely accepted valuation methods described above. For this purpose, we have reviewed the various documents, and have made certain assumptions and relied upon the discussions we have had with, and the information and explanations that we have received from the Company. We have based our valuation, primarily on the following factors:-

- i. While calculating Net Asset Value (NAV), we have taken into consideration the financials of INLAND for the year ended 31st March 2015.
- ii. PECV of INLAND is taken as zero since the company has suffered loss for last 2 years.
- iii. For calculating per share value, we have taken into consideration the Market Value based on Last 26 weeks to relevant date being 14th February 2016. Closing Prices of INLAND as per Bombay Stock Exchange has been considered.

6.1. Valuation of Inland Printers Limited:

- (i) The Net Asset Value of INLAND based on the financials for the year ended 31st March 2015 is Rs (0.23)
- (ii) The Price Earning Capacity Value of INLAND is considered to be zero.
- (iii) The Company is listed on Bombay Stock Exchange. The average value of shares traded on Bombay Stock Exchange for last 26 weeks (i.e. from 14.08.2015



to 14.02.2016) based on volume weighted average price of the Company is Rs 7.87. The share has not been traded in the last 15 days. Since the share is very thinly traded on the exchange, we have applied an illiquidity discount of 25% to the volume weighted average price of Rs 7.87. Thus the discounted value is Rs 5.90.

Composite Valuation

Hence the value of the Shares under the three methods is as under:

Net Assets Value	Rs (0.23)
Price Earning Capacity Value	Nil
Market Value	Rs. 5.90

Average of the above three methods is Rs 1.89 per share of Rs 10/- each.

Brief calculations have been explained in Appendix A below.

7. Valuation Process:

It is important to stress that the process of valuation cannot possibly be reduced to a uniform and inflexible exercise. Viscount Simon in Gold Coast Selection Trust vs Humphery (1949) 17 ITR 19 observed that valuation is an art, not an exact science. Mathematical certainty cannot, therefore, be demanded nor indeed is it possible, in the ultimate analysis. Therefore, valuation will have to be tampered by the exercise of judicious discretion and judgment taking into account all relevant factors.

After all, the objective of valuation process is to make a reasonable judgment of the fair value of the equity shares of the Company.

For determining the fair value of the Shares or for the purpose of determining the fair price to the Shareholders for the reduction of capital of the Company, we believe the following method would provide for a fair value.



The average of the values as determined under the three methods has been considered as reasonable in view of the fact that though the company's net-worth has turned negative and losses have been suffered in the last 10 years, the shares of the company still command a price on a Recognized Stock Exchange. Average of these three methods has been deemed to be fair by us in this respect, hence the average of the prices determined under the above referred methods would be in our opinion be fair value of the Company's shares.

7.1. Fair Value and Conclusion

On a careful consideration of the peculiar facts and circumstances of the case and reasons discussed hereinabove we are of the opinion that the Average of the above three methods is the most appropriate method to arrive at the Fair Value of the Company.

7.2. Fair Value of Equity Shares of the Company

From the above calculations and analysis, the fair value of equity shares for the proposed reduction of capital can be taken as Rs 1.89.

We, Samdani & Hamirwasia, Chartered Accountants, acknowledge the co-operation extended by INLAND by providing the appropriate information which enabled the preparation of this Report.

For Samdani & Hamirwasia
Chartered Accountants



Abhishek Samdani
Partner



Firm Reg. No. 112161W

Mumbai ; Date : 24th February 2016

M. No. 167487

Appendix

INLAND PRINTERS LIMITED

a) Net Asset Value of the Company

Net Asset Valuation	
PARTICULARS	31 st March 2015
(A) <u>Total Assets of the Company</u>	236,808
(B) <u>Deductions</u>	
1) Unsecured Loans	1,917,865
2) Other Current Liabilities	34,200
Total Deductions	1,952,065
(C) <u>Net Worth [A - B]</u>	(1,715,257)
Total No. Of Equity Shares	7,390,500
Net Asset Value per Share (In Rs.)	(0.23)

Net Asset Valuation (Alternative Method)	
PARTICULARS	31 st March 2015
(A) <u>Shareholders' Fund</u>	
1) Equity Share Capital	73,046,500
2) Reserves & Surplus	(74,761,757)
Total	(1,715,257)
(B) <u>Deductions</u>	
Miscellaneous Expenditure (to the extent	-
Total	-
(C) <u>Net Worth [A - B]</u>	(1,715,257)
Total No. Of Equity Shares	7,390,500
Net Asset Value per Share (In Rs.)	(0.23)

Note: The Equity Share Capital of INLAND is considered as paid up share capital of the Company.



b) Value & Volume of Shares Traded at Bombay Stock Exchange (BSE)

Date	Open	High	Low	Close	Volume
24-12-15	6.86	6.86	6.86	6.86	12,000
22-12-15	-	-	-	7.22	0
18-12-15	7.22	7.22	7.22	7.22	100
17-12-15	-	-	-	7.59	0
16-12-15	-	-	-	7.59	0
15-12-15	-	-	-	7.59	0
14-12-15	-	-	-	7.59	0
11-12-15	-	-	-	7.59	0
10-12-15	-	-	-	7.59	0
09-12-15	7.59	7.59	7.59	7.59	2,000
08-12-15	7.98	7.98	7.98	7.98	9,500
07-12-15	-	-	-	8.39	0
04-12-15	-	-	-	8.39	0
03-12-15	8.39	8.39	8.39	8.39	10,500
02-12-15	8.83	8.83	8.83	8.83	1,000
01-12-15	-	-	-	8.41	0
30-11-15	-	-	-	8.41	0
26-11-15	-	-	-	8.41	0
24-11-15	-	-	-	8.41	0
23-11-15	-	-	-	8.41	0
20-11-15	-	-	-	8.41	0
19-11-15	8.41	8.41	8.41	8.41	1,000
18-11-15	8.85	8.86	8.85	8.85	2,900
17-11-15	9.31	9.31	9.31	9.31	100
16-11-15	-	-	-	9.79	0
13-11-15	-	-	-	9.79	0
11-11-15	-	-	-	9.79	0
06-11-15	-	-	-	9.79	0
05-11-15	-	-	-	9.79	0
04-11-15	-	-	-	9.79	0
03-11-15	-	-	-	9.79	0
02-11-15	-	-	-	9.79	0
30-10-15	-	-	-	9.79	0



29-10-15	-	-	-	9.79	0
28-10-15	-	-	-	9.79	0
27-10-15	-	-	-	9.79	0
26-10-15	-	-	-	9.79	0
23-10-15	-	-	-	9.79	0
21-10-15	-	-	-	9.79	0
20-10-15	-	-	-	9.79	0
19-10-15	-	-	-	9.79	0
16-10-15	9.79	9.79	9.79	9.79	100
15-10-15	-	-	-	10.3	0
14-10-15	-	-	-	10.3	0
13-10-15	-	-	-	10.3	0
12-10-15	-	-	-	10.3	0
09-10-15	-	-	-	10.3	0
08-10-15	-	-	-	10.3	0
07-10-15	-	-	-	10.3	0
06-10-15	-	-	-	10.3	0
05-10-15	-	-	-	10.3	0
01-10-15	-	-	-	10.3	0
30-09-15	-	-	-	10.3	0
29-09-15	-	-	-	10.3	0
28-09-15	-	-	-	10.3	0
24-09-15	-	-	-	10.3	0
23-09-15	-	-	-	10.3	0
22-09-15	9.32	10.3	9.32	10.3	400
21-09-15	-	-	-	9.81	0
18-09-15	-	-	-	9.81	0
16-09-15	9.81	9.81	9.81	9.81	500
15-09-15	-	-	-	9.35	0
14-09-15	-	-	-	9.35	0
11-09-15	-	-	-	9.35	0
10-09-15	-	-	-	9.35	0
09-09-15	-	-	-	9.35	0
08-09-15	-	-	-	9.35	0
07-09-15	-	-	-	9.35	0
04-09-15	-	-	-	9.35	0
03-09-15	-	-	-	9.35	0
02-09-15	-	-	-	9.35	0

01-09-15	-	-	-	9.35	0
31-08-15	-	-	-	9.35	0
28-08-15	-	-	-	9.35	0
27-08-15	-	-	-	9.35	0
26-08-15	-	-	-	9.35	0
25-08-15	-	-	-	9.35	0
24-08-15	-	-	-	9.35	0
21-08-15	-	-	-	9.35	0
20-08-15				9.35	0
19-08-15				9.35	0
18-08-15				9.35	0
17-08-15				9.35	0
14-08-15				9.35	0

26 Weeks Volume Weighted Average Price per	Rs. 7.87
Less: Illiquidity Discount	25%
Discounted Price	Rs. 5.90

	(In Rs.)
Net Asset Value	(0.23)
Price Earning Capacity Value	0.00
Market Value	5.90
Total	5.67
Average Per Share Value	1.89

